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ANNUAL POLITICAL BOOK AWARD

The Washington Monthly

ARCH 1982/$2

How to Get Power and Keep It
The Lessons of the Masters

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J. Edgar Hoover (right)

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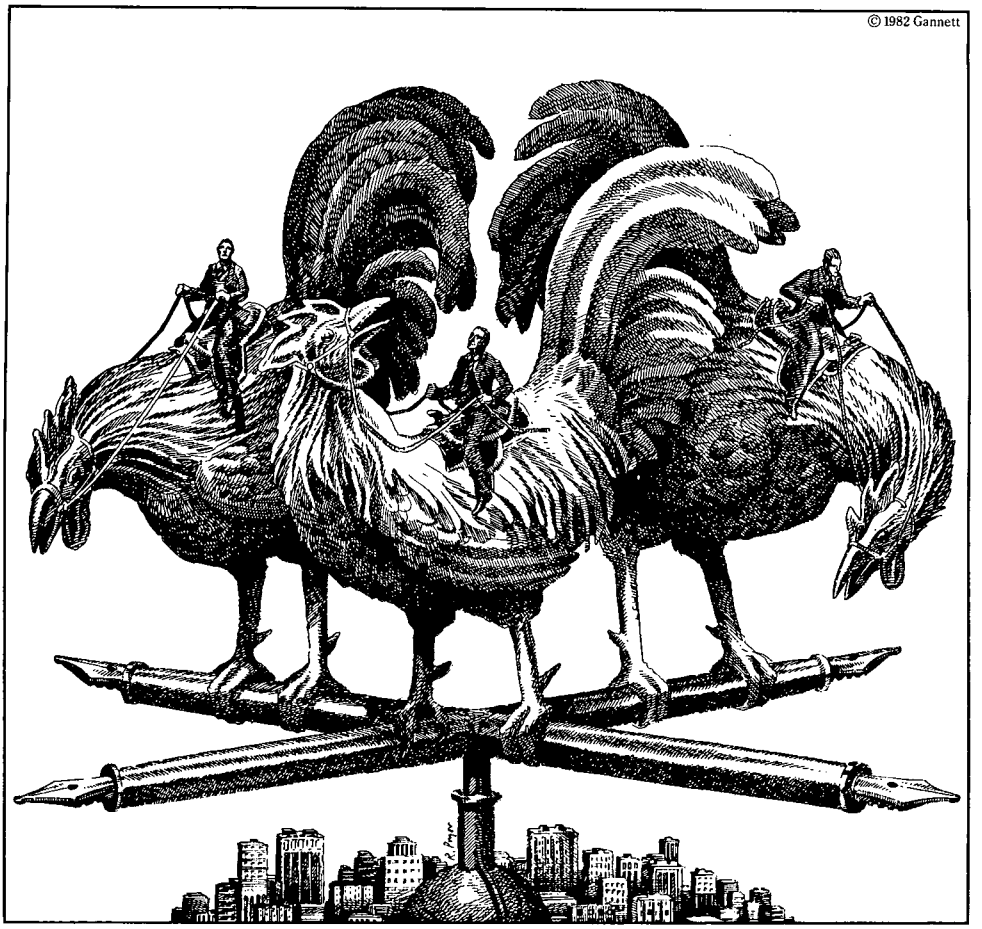

DIFFERENT VOICES MICHIGAN STYLE

When Gov. William G. Milliken announced withdrawal of his support for 1982 property tax relief, the reaction of Michigan residents was sharply divided. And so were the editorial opinions of the Gannett newspapers in that state.

To the Port Huron Times Herald, the action taken by the governor had "unexpectedly but decisively made him completely expendable here." It accused Milliken of "closing his eyes to reality" and to the "groundswell of near rebellion against property taxes" that had already struck California and Massachusetts.

To the Battle Creek Enquirer and News, however, Milliken "made the right decision in withdrawing his proposal." The Enquirer and News felt that broader public understanding of the state's problems should precede any tax reform measure.

To the Lansing State Journal, which came down between these poles, the move was merely a "risky political gamble," but one that had been made "inevitable by the continuing decline in the state's economy."

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A WORLD OF DIFFERENT VOICES
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Letters

Rating Senate Ratings

Rating Pat Moynihan as among the "worst" of the U.S. Senate, a "brilliant, witty, scholarly man . . . [who] has accomplished virtually nothing substantial in five years in the Senate,"["The Best and the Worst of the U.S. Senate," Eleanor Randolph, January] is quite an astonishing judgment. It is as if Hemingway were to be called one of the "worst" American writers because, despite his seminal effect on our literature, he did not compose the Great American Novel. The comparison is apt: for almost two decades Moynihan's ideas in the field of social policy and his eloquent assertions of American interests abroad have had an impact on public opinion probably exceeding that of any other member of Congress.

He has not, to be sure, secured the passage of legislation that would cure the nation's urban ills, and his attacks on international hypocrisy have not eliminated it. But he has been effective in obtaining federal aid for his state and city, in rallying Senate support for social security, and in a number of environmental and revenue matters of consequence to the country as well as New York. Some senators have produced as much and more, but one looks to few of them for the fresh insights and proposals that we have had, and doubtless will continue to have, from Moynihan.

HARRY McPHERSON
Washington, D.C.

I was surprised to see John Glenn omitted from Eleanor Randolph's list of the Senate's "best." From what I've seen and observed, Senator Glenn is intelligent, thoughtful, levelheaded, unpretentious, diligent, does his homework, only speaks out on issues on which he is knowledgeable, is a man of integrity, and has won the respect of those who work closely with him. He appears to be an effective legislator. If these attributes don't place him among the best, what does it take?

REO M. CHRISTENSON
Oxford, Ohio

I can think of no Washington game more specious than the attempts of Washington journals that have no identifiable constituent base to rate members of Congress. What qualifies them to judge? And by what criteria?

Your recent article by Eleanor Randolph is a most pernicious example. It takes little research to realize that Senator Pell, in creating the basic educational opportunity grants (last year renamed Pell Grants by the Congress), produced one of the two most important programs for college learners enacted in this century. Its only rival is the original GI Bill.

By four elections the Rhode Island voters have made Senator Pell the eleventh most senior member of the Senate—the only ratings that matter at all. And they've done it for the good and simple reason that he works hard for things they obviously feel matter most—sustaining the arts and the humanities, saving the oceans, and providing college access to our less advantaged citizens.

FRANK MENSEL
Kensington, Maryland

It was indeed a pleasant surprise to see the names of Senators Lugar, Domenici, Simpson, and Baker on a list of the "best" as seen by a liberal magazine. As you probably know, the standard methodology in these things seems to involve compiling a list of the 20 senators with the highest ADA ratings, weeding out the obvious dolts, kooks, and no-shows, and presenting whoever is left as the cream of the crop. It is obvious that in her list of the best, Randolph at least made a decent stab at being fair, and for that I am grateful.

It is in her estimation of the worst that I must question her methods. Where was Harrison Williams? Why have I never seen the establishment press print a list of The Ten Dumbest Liberals? Because there *aren't* ten dumb liberals? Come on.

BRUCE MILLARD
New York, New York

No, was this?

Was the article "The New Patriotism" [Nicholas Lemann, January] written by a former Moonie? It was the dumbest article I've read in your magazine in the past few years. I certainly hope that it is the worst article you publish in 1982. I also hope that the article was not included in the magazine because the editor shares such a stereotyped view of those about age 30.

PHIL FISHER
Milwaukee, Wisconsin

Diesel-Powered Federalism

Kudos to Gregg Easterbrook's article "Fifty Miniature Washingtons—The Flaw in Reagan's New Federalism" (January). As a planner working in one of

"SOON TO BE A MAJOR LP RECORD: The White House recordings, with Richard Nixon on Side One, and Franklin Delano 'Bugsy' Roosevelt on Side Two. Liner notes by Victor Lasky and Arthur Schlesinger Jr. It should be out in time for the FDR centennial activities and the anniversary of RN's resignation."

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California's more efficient local agencies, I agree wholeheartedly with his premise. However, one technical error must be pointed out. Diesel buses do not have distributors.

MICHAEL D. SETTY
Oakland, California

Gregg Easterbrook's article was most interesting. There's no defense, of course, for waste and corruption at any level of government. The public is well-served when the facts are made known. There are several statements in the article, however, which warrant comment, as follows:

1) "... state government is a larger and much faster growing organism than federal government."

The official figures on state employment and federal civilian employment do support this statement. They fail to note, however, that much of the growth in state employment stems from programs enacted, funded, and controlled by the federal government, but administered by the states. They fail also to note that the federal civilian employment figures do not include military personnel performing functions that could and probably should be performed by civilians; they do not include functions that in earlier years were performed "in house" but in recent years have been contracted out; and they do not include employees of federal "captive" nonprofit corporations, working solely for federal agencies. No one really knows how many employees not on the federal payroll are now performing federal civilian functions. The total probably embraces several million.

2) "States are also surging forward in their drive to become as much like Washington as possible."

It is true that state administrative agencies are often modeled on their federal counterparts. Insofar as these state counterpart agencies are federally funded, the initiative for state organizational matching probably stemmed from the federal counterpart agencies, which normally consider their own structures ideal and use funding controls to so convince their state counterparts.

WILLIAM PAPIER
Columbus, Ohio

Mr. Papier is with the Ohio Bureau of Employment Services.

Mad About Moms...

Many thanks to Deborah Fallows and *Washington Monthly* for the insightful piece on motherhood ["Why Mothers Should Stay Home," January]. It was my good luck to pick it up on a particularly conflict-ridden day when I was considering going back to work full-time. Though I operate on a full and fulfilling schedule—as the single mother of a wonderful and challenging five-year-old, a part-time painter, and a political worker—I still sometimes suffer from the nagging super-woman myth that plagues my generation. Deborah's clarity and conviction literally saved the day for me by reminding one that, though my prior work was more lucrative and "in," luckily I have a choice. And my work at home now is the right choice.

FRANCIE BARNARD
Washington, D.C.

"Why Mothers Should Stay Home" is just great! You've stated a number of good points in a marvelously clear, persuasive way, and I hope a great many young women will be thoughtful enough to follow your train of thought and do likewise.

My eldest son encountered your article and brought it to me, and with praise. He realized that I had done just what you described 30 years ago. Staying home with three sons seemed good to me, and I found, as you are doing, that you can do a great many useful community jobs with a heightened sense of practicality and long-range planning. There were a great many mothers in my "at home" time who were unable, unwilling, and unappreciative of the scope of activity needed, but for myself and my friends there were opportunities. We've found full-time work since our children grew up that has been an evolution of what we did part-time then.

NADINE R. LEWIS
Forest Hills, New York

I don't disagree with everything in the Deborah Fallows piece on motherhood; there are points in the article that are well-taken and worthy of expansion. But I do object to the fundamental hypocrisy in the piece and to its lack of any historical perspective whatsoever.

First, in regard to the hypocrisy. Fallows would have us believe that all she is saying is that her "choice" —to quit work and spend "quantity time" with her children—was "right for me and it might be right for other women." And if she spent the remainder of the piece discussing how she has learned to derive satisfaction from a job well done rather than a check hard-earned, I might believe her. But that is not how she spends the remainder of the piece. Instead, she launches into a discourse on responsible child-rearing, which makes clear that her concern is not to expand women's choices but, rather, to advocate for children's needs—as Fallows sees them.

While she concedes, out of liberal social conscience, that not all women have the choice to trade paid labor for unpaid, she does not explore the very serious implications of her own argument. If children truly need quantity time with mothers, then are we to conclude that children who do not have that time are deprived? Are mothers who "have to work" automatically at a disadvantage as parents? Are we witnessing a return to the days when the stigma of having to work made poor and working-class women feel like inadequate parents rather than able providers?

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In making her very worthwhile plea for a society that values "doing" over "being," Fallows does not see the danger in linking a social value like "doing" to a biological identity like "motherhood." She seems blissfully unaware of the fact that her recommendation comes strikingly close to the nineteenth-century idea that mothers, freed from the rigors of the marketplace, were the logical guardians of America's finer moral values.

If we are to create a society that values what people do over what they are, we cannot assign that value system to one, biologically defined segment of society: mothers. All must share that value. If they do not, men will be out "being" and women will be home "doing" and we will be mired in the same sex segregation of values, goals, and styles we have fought so hard to overcome.

Who knows? Perhaps if men and women work together to elevate doing over being, fathers will be as anxious to spend time with their children as women are, and Fallows' piece will someday seem as delightfully arcane as Sarah Comstock's article on "Mothercraft: A New Profession for Women," which appeared in *Good Housekeeping* in December 1914.

VICTORIA BROWN
San Diego, California

Deborah Fallows and *The Washington Monthly* had the opportunity to make a contribution to a worthwhile discussion about the sometimes painful choices of parenthood. Instead, "Why Mothers Should Stay Home" was petulant, disingenuous, and as narrowly judgmental as Fallows claims her critics are.

Each of us should have the option to drop out of the work force and some may feel that it is the only way to be a good mother. However, anyone who does may give up much more than a seemingly selfish "dream of high achievement." She also probably forsakes any hope of meaningful work, good pay, or a decent retirement benefit. A woman who bears children in her late twenties or early thirties and adheres to a stay-at-home-for-20-years formula may find herself without children and without much opportunity and perhaps without a husband at age 50. At that age, she probably has another 20 years of life. . . but she may not look forward to them.

Fallows obviously cares a great deal about the welfare of children and families and she could have examined the pressures that economic instability places on families. She might have suggested part-time work for both mothers and fathers during the first few years of parenthood. She might even have used her access to the pages of an important magazine to advocate private and public policies that support family life by increasing the flexibility of work times and work places. She might have advocated a family allowance that would help support poor mothers who prefer to stay home with young children.

Articles that appear to condemn working motherhood find their way into the pockets of those in business, in Congress, and in this administration who would like to limit choice and keep us all barefoot and pregnant and in the kitchen. Some of us don't want that. Others can't afford it. My 75-year-old mother, who worked all of her life first because she had to and then because she wanted to and who did a pretty fair job of raising children who weren't afraid of slides or fights, would probably say in response to Deborah Fallows, "Choose your own way, but don't spit in the soup we all have to drink."

CAROL TUCKER FOREMAN
Chevy Chase, Maryland

. . . and Dads

We are pleased to note *The Washington Monthly*'s commitment to the important task of raising children—both in Deborah Fallows' article and Charles Peters' editorial comments. But we would have liked to have heard more about *fathers* and children. Did Mr. Peters find his career progress slowed by the inordinate amount of time he spent with his kids at the playground? Did Ms. Fallows' husband have to endure much soul-searching before he decided to continue working full-time after his children were born?

Our own experience—we have three children—and that of our friends, indicates that, once the breast-feeding period is past, *mothers* can do nothing for children that *fathers* cannot do equally well. Deborah Fallows must not be surprised to receive hostile reactions from women who resent having to make choices that men in similar circumstances are spared. True, women should be encouraged not to "imitate the worst qualities in men," as Peters puts it, but it is only natural that the oppressed, given the opportunity, will ape the oppressor.

Don't you think the next move belongs to *career men*, who, like career women, should be asking themselves hard questions about the work they are paid to do?

JANE AND TOM PLASTINO
Canton, New York

If marriages were forever, and husbands always brought home the bacon, I could see your point. But what if the husband stops producing, through death or the simple desire to divest himself of his family? Would you recommend that Uncle Sam step in and take care of the family? Perhaps another government agency to provide for mothers so they won't have to go to work?

Instead of chastising upper-middle-class women for working, you should be praising them for accepting responsibility. Save your sermons for husbands and fathers who've abandoned their families.

VICKI MEAGHER
Los Angeles, California

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—**Eric Redman in *The Washington Post***

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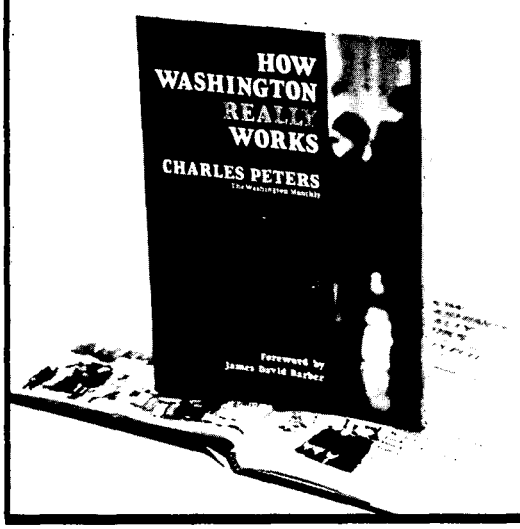

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MARCH 1982

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Tilting at Windmills

This magazine has talked a lot about the need for a rebirth of patriotism among liberals. But you know where I think such a rebirth is needed most? In the military. Something has gone terribly wrong with what used to be our most patriotic group. Where is the shame, the indignation, that a real patriot should feel about failed missions like Desert One and those weapons that don't work? Where is the determination to do things right, the contempt for covering your ass that the best soliders used to have? We need that spirit now. . . .

Last month I pointed out that *The Washington Post*'s purchase of *The Washington Star*'s printing plant seemed to have effectively ruled out an opposition paper. The Federal Trade Commission appears to entertain similar suspicions. As one who desperately misses his afternoon paper, I hope the FTC will pursue this inquiry. I think a proper ruling in the matter would be to require the *Post* to make the presses available for a reasonable fee to a potential competitor at hours when they are not necessary to the *Post*'s operations.

The one way the *Post* could legitimately preclude such an outcome would be to start its own afternoon paper so that its presses would be busy all the time and not available for use by a competitor. The challenge to the *Post*'s management in that case would be to give the afternoon paper true editorial independence so that there would be editorial, if not financial, competition between the two papers. I imagine most of you think such competition would be impossible given the common ownership on the business side. But in my home town, the *Charleston Gazette* and the *Charleston Daily Mail*, while united in their business operation, are in spirited, often

heated, editorial rivalry. . . .

If you get the impression from Phil Keisling's article, beginning on page 20, that we are a bit too harsh in attributing greed to American medicine, we invite your attention to this mailing from the Executive Reports Corporation entitled "12 Special Tax Strategies That Are Making Doctors Rich" and beginning: "If you are a doctor who isn't satisfied with $100,000 a year. . . and you are thinking of amassing from $500,000 to a million dollars or more. . . ." The key fact to understand here is that all direct mail pieces are designed and tested to appeal to the maximum number of recipients. Now you understand why they didn't say $50,000 and $250,000. They said $100,000 and $500,000 because their tests had revealed that these were the kind of numbers that created the kind of sincere, deeply felt emotion that would inspire physicians to respond to the mailing. . . .

With struggling businesses asking their employees to accept wage freezes or cuts and with everyone looking for ways to reduce the federal budget, what does the Reagan budget propose but an *increase* in federal salaries—five percent for civilians and eight percent for the military at a total cost of $5 billion. These people just got raises last fall, and, as I pointed out at the time, most of them were already well paid—not in comparison to physicians, of course, but in comparison to most of the rest of us, with 48,000 civilian employees alone making over $50,000 a year.

What we should do is what was done in the early thirties at another time of economic distress: cut government salaries (even congressmen took a ten-percent reduction). We can exclude those at the lowest end of the pay scale, as indeed they were excluded in the thirties, and offer special inducements to retain the few government employees who really can make a lot more on the outside—enlisted technicians, accountants, computer experts. But it's outrageous not to begin in these times of extraordinary deficits to roll back the excesses in the federal payroll.

Why would members of the conservative Reagan administration not only refuse to urge such a roll-back but actually propose an increase? Because they are now government employees, too. Remember Michael Deaver's self-pity at having to get by on just $60,000 a year? And now that they live and work in Washington, the Reaganites are surrounded by other government employees, most of whom feel that whatever they're being paid is not enough. . . .

If you don't think a reduction in compensation would be of much help to the budget, just consider that pay and pensions for the military alone will cost the government $60 billion this year. Military retirement policies are the most absurd of all the government's wasteful practices. Retirement is permitted after 20 years of service. This was originally done because after 20 years of marching all day or chasing Indians on horseback,

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men were worn out and deserved to retire. Today, 90 percent of the jobs in the service are essentially desk work, and men in their forties and fifties are perfectly capable of performing them. Instead we pay them to retire and then pay even more to recruit, train, and compensate their replacements.

This premature retirement is also one of the major causes of corruption in the military. Officers, looking forward to an early retirement, realize that lucrative second incomes can be theirs if they are hired to advise military contractors and that their chances of being hired by such contractors will be lessened considerably if they have been tough in their dealings with these contractors in the past. In other words, the vigor of their pursuit of the public interest while in the service is often moderated by their sense of what will be in their private interest when retirement comes. . . .

I am ordinarily sympathetic to the problems of the working man, but it may be that things have gotten a bit out of hand with the grievance procedures of the Federal Labor Relations Authority. I have in my hand a complaint by the Federal Employees Metal Trades Council against the Long Beach Naval Shipyard. Here is item 3, "Basis of the Charge":

"On or about September 21, 1981, the President of the FEMTC received a parking ticket for parking in the same area that he had been parking in for over three (3) years. The FEMTC charges Management of the LBNS with changing policy without consultation with the exclusive representative of the employees.". . .

Our letters column contains the tip of the iceberg of the correspondence we received about Deborah Fallows's case for full-time motherhood. The one aspect of the criticism that all of us here agree with totally is that we should have taken more account of the problem of the mother who can't afford to stay home. I should note here that I have no sympathy for the Michael Deaver-type mother, who is so materialistic that she thinks her husband's $60,000 a year is not enough to get by on. But for the truly needy mother, I believe strongly in the original idea behind the Aid for Dependent Children program, which was designed to permit the poor mother to stay home to be with and care for her children. It should be more generously funded than it now is in many states, but I believe in its basic idea, not in the modern alternative, government-supported day care for pre-school children. Why I believe in encouraging the mother to stay with her children is explained in this account of a day care center by Dominique Browning in the February issue of *Texas Monthly*:

"Whenever an adult enters the center, every child thinks, for a split second, that that person is Mommy. Each child wants to see Mommy so badly that he anticipates her arrival at any moment and he assumes that anyone coming in from the outside is Mommy. A short, fat man wearing a baseball cap came in one afternoon to sell Mrs. Royer a new kind of cleaning fluid, and. . . five or six little heads bobbed up and greeted him with a cheery 'Mommy.'

"But every child knows who Mommy really is, and it is that knowledge that drives the main activity of the day: the waiting. Particularly for the one- to two-and-a-half-year-olds, the waiting is palpable, it is so intense.

". . . Early in the day, Mommy is still a sharp memory, and her absence is mourned. There is a constant murmur of 'Mommy, Mommy, Mommy' throughout the younger children's rooms. By the middle of the day, consciousness of Mommy is at a low ebb; hunger has taken its place. But the wait is on again after nap time, when there is a chance that she'll come back, and it takes on a new dimension altogether around 4. Then, some mommies—the nurses and teachers who get off work early—do materialize to whisk their children away. All through the afternoon the refrain is 'My mommy is coming. My mommy is coming.' By 5, any structured activity is in disarray, and the children are completely given over to waiting. Even the TV does not have a hold on them. . . .

"When a father or mother arrives, some children stare, as if in disbelief, for several precious seconds. Others have tantrums if the parent pays the slightest attention to another child. Others simply accept the parent's presence calmly and unemotionally despite the tension of the last hour. Clearly, Mommy is the one with whom the children rightfully belong, to their minds at least."

All of this isn't to suggest that there are not some remarkable women who can "mother" successfully in a few hours each day, or that there are not some remarkable children who scarcely seem to need mothering at all, or that there are not some remarkable men who can be successful mothers. What I am saying is that I believe that what Dominique Browning reports is true of most small children.

I would like to see men become gentler, more open, and more nurturing. But the thousands of years of tradition that have gone into making us what we are mean that these changes aren't going to happen quickly and that most of today's small children need their mothers. . . .

In January, along with our list of the best and worst senators, we gave you a "Better with Ya than Agin' Ya" list, the men who, whether you liked them or not, were the most effective at getting what they want or stopping what they oppose. Jack Anderson has a similar list for the House, headed by majority

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and minority leaders Jim Wright and Robert Michel. It also includes Barber Conable (R-N.Y.), John Dingell (D-Mich.), Dante Fascell (D-Fla.), Richard Bolling (D-Mo.), William Natcher (D-Ky), John Rosselot (R-Calif.), and Gene Snyder (R-Ky.) . . . .

You may have noticed in another January article, "Coming Soon—the John Jenrette Office Building," that the federal building in Athens, Georgia is named for former Rep. Robert G. Stephens. Maurice Fliess, a former correspondent for the *Atlanta Journal,* recalls that a few years ago Stephens wanted nothing to do with the new building. When he was offered free office space he turned it down cold. It seems he was collecting $600 a month from the government for rental of office space in his own home. . . .

The CIA is at its best when it supplies objective intelligence information to the rest of the government. That function seems in danger under William Casey—or at least three Democratic senators think it is. Paul Tsongas, Claiborne Pell, and Christopher Dodd recently wrote Casey complaining that they had received a briefing that "seriously" violated the CIA's obligation to provide objective analysis. The briefing on the military situation in Central America and Cuba was given in December by one Constantine Menges. Menges, who wrote an article in the August issue of *Commentary* blaming Cuba for the problems in Central America, joined the CIA in September, and, according to one Democratic source quoted by the Associated Press, gave the senators a briefing that restated that thesis and "traced all problems to Havana with scant evidence for the charges."

If you read Nick Nichols's article beginning on page 38, you will know that our admiration for Havana is restrained indeed. But having been to Guatemala, El Salvador, Panama, and the Dominican Republic (where incidentally Chris Dodd once served in the Peace Corps), I know enough about the conditions of Caribbean life to realize there are plenty of reasons for rebellion that have nothing to do with Fidel Castro. And it is inconceivable to me that anyone having any knowledge of the military and police in these countries could possibly believe that the left is the only source of terrorism. . . .

Bob Packwood is at it again—you remember, of course, his fund-raising letter for the Republican National Committee: "Forgive me for saying this, but you're causing the president grave concern. . . . Shall I show him your contribution. . . . or shall I tell him he must fight alone?" Now he's back, this time for the Republican Senatorial Committee:

"I've got some good news and some bad news.

"First the good news. Barry Goldwater is out of surgery and on the road to full recovery.

"He's anxious to know if you and our other loyal supporters responded to his personal appeal to renew their 1982 membership in the Republican Senatorial Club.

"Frankly, I've been stalling just a bit before giving Barry a complete report.

"Now for the bad news.

"The response to Barry's request is simply not what it should be so far. That's why, Mr. ————, I wanted to make certain you hadn't laid Barry's letter aside to respond to later.

". . . Re-read Barry's letter.

"Think about his 25 years in the Minority. Don't let it happen again!

"PLEASE DON'T LET BARRY DOWN!

". . . Send your contribution for $150 or the most you can spare to achieve that wonderful American destiny. Stay with us and work with us.

"We won't save America any other way."

There seems to be a widespread assumption that the New Federalism will, by transferring programs to the states, dramatically reduce the Washington bureaucracy. But the Washington employees of the two main programs to be transferred—Food Stamps and welfare—total only 398 . . . . My main worry about Reagan's cutbacks in government personnel involves the health and safety area. Our concerns about the Environmental Protection Agency (see "Muzzling the Watchdog," by Paul Goldberg, December), have now been seconded by Russell Train, who headed the EPA under Ford and Nixon. Train recently wrote in *The Washington Post* that the EPA is "rapidly being destroyed as an effective institution." Other places to worry about are the Food and Drug Administration, where the number of enforcement actions in 1981 was only half the average of the preceding four years, and the Mine Safety and Health Administration, which this December presided over a mine death toll more than double that of 1980. Eleanor Randolph, the fine reporter who wrote our article on the best and worst U.S. senators (see January), recently reported for *The Los Angeles Times* from Pikesville, Kentucky:

"In interviews during the past six weeks in areas where these accidents have occurred, mine safety experts said a climate of confusion and disillusionment had developed among federal mine safety inspectors as the Reagan adminstration has begun to overhaul the federal mine safety program."

Reagan's appointee to head the mine safety program is Ralph Ford, who emphasizes a "self-certification" or honor system for mine owners. This is either incredible innocence or incredible cynicism. The darkest side of capitalism has always displayed itself in these mines. Operators are under strong economic pressure to conceal safety

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problems. Only the rare saint would voluntarily reveal violations. Indeed, on matters of health and safety generally, capitalism can't be trusted because profit so often dictates selling unnecessary or dangerous drugs, dumping toxic chemicals, and providing unsafe working places . . . .

On the other hand I believe strongly in capitalism's superiority as an economic system. See for supporting evidence Henry Kamm's long article in the November 8, 1981, *New York Times* on how, in Southeast Asia, the "capitalist lands are thriving" while the communist nations "sadly show a considerably reduced quality of life . . . . people badly fed and dressed in settings of deprivation." The same contrast has been obvious between Western and Eastern Europe for most of the last 35 years. Capitalism does produce the most vital economies. It's just that you have to watch it all the time, not only because of its tendency to slip you toxic mickeys but because of its tendency—remember, for example, 1929—to self-destruct. . . .

One unfortunate aspect of American capitalism that has not received sufficient attention is the obligation to maximize short-term profits at the expense of long-term gain. This is most keenly felt by executives who either don't own their companies or share ownership with people outside their family. In such cases, the executive who wants to do the right thing—make a better product or hire more people or have a safer work place at the expense of higher profits—may find that the stockholders have thrown him out or the courts have held that he has a "fiduciary obligation" to do what his stockholders want.

Earlier, I was discussing the possibility that *The Washington Post* could start an afternoon paper. *Post* executives must realize they could give such a paper a newsstand trial at no great risk of loss. Why then don't they do it? Because, while there is little risk of substantial loss, there is little possibility of substantial gain, of a contribution to the impression of growing profitability they want to give Wall Street. In other words, even though the afternoon newspaper could supply new jobs and provide a vital service to the community, this rich company may not undertake it. This is why we expressed regret ("Maximizing Profits at *The Washington Post*," Ben Bagdikian, January 1976) that the *Post* had "gone public" with its stock and thereby assumed the obligation to maximize profits. If ownership were still solely in family hands, there would be no such obligation to inhibit the Grahams from performing this service for the community.

There are even greater dangers in the obligation to maximize profits. Research expense is *expense*, detracting from profit, at least in the short term. That, I think, is one of the reasons so many of our giant companies have lagged behind in the development of better mousetraps. . . .

You have to weep when you read that the J-Car, GM's answer to the imports, is, according to *Consumer Reports*, considerably less desirable than the comparably priced Honda Accord, Volkswagon Jetta, and Mazda 626, and that for even less money you can get better fuel economy and higher overall quality in Toyota's Corolla, Starlet, and Tercel, and in the Honda Civic and the Mazda GLC.

No wonder sales of domestic-built cars were off 18.5 percent in January. Weak sales in the last two years have caused the Big Three automakers to cut a fourth of their American employees. Most dangerous of all is that the weak sales cause U.S. firms to retrench, threatening their longer-range ability to come back and compete with foreign rivals. Late last fall, according to *The Wall Street Journal*, GM canceled or delayed more than $2 billion worth of major construction projects and Ford eliminated 24 percent of its capital-spending program . . . .

My answer to this is not another lecture on the deficiencies of American capitalism. Those deficiencies must be faced but they can't be remedied overnight—and the auto industry needs help now. It's an emergency situation requiring emergency treatment. I propose an embargo on Japanese cars. I know all of my liberal friends will scream and say, "Don't you believe in free trade?" My answer is, not when it's killing us. And I don't propose an embargo that would last forever or give American manufacturers an excuse to be less competitive or to gouge consumers. The embargo would last only while American auto manufacturers' prices stayed at the present or lower levels. Otherwise it would be removed after two years or as soon thereafter as Japan removes all of its trade barriers to American goods and starts paying its fair share of our mutual defense.

A major reason for the superiority of many Japanese civilian products over ours is that their capital and their talent have been concentrated almost exclusively on civilian goods, while a large part of ours has gone to providing for defense. Their 1982 defense budget is roughly one twentieth of ours. In addition, the Japanese have over the years maintained an infuriating complex of barriers against the sale of American products in their markets.

There is some sign that our government may finally be getting ready to do something about the Japanese problem. On

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THE POWERS THAT STAY

There are basically two ways of surviving in the government: call them 'ring-kissing' and 'empire-building.'

by Jonathan Alter

These are not exactly salad days for the men and women whose fate it is to work for the United States government. The total number of "RIFs" may be small—only a few percent of the federal work force face layoffs—but that doesn't make it any harder to imagine you'll be one of those victimized by the Reagan era. This queasy feeling—some might call it a siege mentality—has had the effect of concentrating the mind more than ever on that most elemental and most cherished of all Washington values: survival.

Of course, lifeboats come in different shapes and sizes. If you're already protected by civil service, just hanging on in some government job or another isn't too taxing, particularly if you are willing to drop a civil service grade or two and bump someone with less seniority out of a job. Similarly, surviving as an in-and-out type—a Joe Califano or Caspar Weinberger—doesn't prove so tough once you reach a certain stature.

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What's hard, at the political level, is *staying* in—figuring out how to avoid those four-year dry spells when all you can do is write op-ed pieces, agonize over lunch dates, and decide which boring law firm or think tank to bide your time in while waiting for a chance to get back to the action. The real survivors don't have to worry that they're not so terrific at picking *which* obscure former governor will win the Iowa caucuses. Why sweat it? They're still in.

How does this group of high-wire performers do it? Well, most of the survivors themselves aren't of much help beyond a grunt or two and the startling revelations that they "worked hard" or "just outlived 'em." Like other great con men, they can't ever admit their secrets, for if they do—confessing to "gambits" and "techniques"—it's a good bet they've just taken the first step toward permanent retirement. That's because success in this slippery game is determined by whether they have come to believe their own cons, and whether they've so adroitly melded their personalities, instincts, and accomplishments that they fool everybody, even themselves.

But taking that as a given, there are basically two ways of surviving in the government: call them "ring-kissing" and "empire-building." Ring-kissing is based on the model practiced by low-level civil servants and other prostrate subordinates throughout American society, but at the high levels we're talking about, it must be perfected to an art form. This requires that the aspiring survivor perform all sorts of tasks that convince his superiors (and potential future superiors) that he is indispensable. By making the boss look good, or by simply doing the boss's bidding, the imaginative ring-kisser can collect a government check practically forever.

Empire-building, by contrast, doesn't require the help of superiors at all. In fact, the best empire-builders have prevailed over active opposition from presidents, cabinet secretaries, and others who would prefer they hang up their spikes. They survive by carving out independent power bases that are stronger than normal lines of authority, and by developing constituencies on Capitol Hill and in the press that help them to pursue their own goals. Because these goals are their own and not simply a divining of what the boss wants, the empires often take on a momentum that translates into longevity for the people who build them.

Ring-kissers, you may have guessed, are by far the more common breed. In fact, most government officials planning a career in survival are only dimly aware that another model exists. This

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is their loss, for the very greatest of Washington players—the sultans of survival—have rejected supplication as a technique. The career of Hyman Rickover certainly testifies to that. He served in the navy for more than 60 years, at least half of them under chiefs of naval operations who would have preferred he stay submerged for good after one of his sea trials. Or consider J. Edgar Hoover. Almost every president and attorney general he served under during his 48-year career as director of the FBI disliked him, but when he left the bureau, it was on his back. These masters may have been exceptions, but the skills they plied contain some useful lessons about how to complete lengthy service in the U.S. government—and how to do it without acting like a toady.

Shanghai Log Cabins

To get a sense of the real difference between the two kinds of survival, let's look at a few examples of people who fall into the ring-kissing category, who fit the conventional image of how a "Washington survivor" is supposed to behave.

The man believed by himself and some others to be Washington's "ultimate survivor" is Joseph Laitin, a public affairs officer who survived at a high level from Kennedy to Johnson to Nixon to Ford to Carter. Laitin's aim was to serve his "client," as he put it, the point being that clients

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tend to appreciate good service and respond with job security. His biggest client was Lyndon Johnson, and his idea of serving him—in fact the principal Joe Laitin accomplishment of the years he spent as deputy White House press secretary—was to feed the president gossip. When LBJ went to the ranch, he'd call Laitin frequently at about 11 to hear scuttlebutt on reporters traveling to Texas. Johnson felt particularly unfriendly toward one reporter for the old *New York Herald Tribune,* and Laitin was only too happy to regale the boss with tales of the reporter's after-hours activities. "At first I told true stories about him," Laitin has proudly recounted on several occasions, "but then I began making them up. I think the president knew I was making them up, but he loved it just the same."

That story, pathetic as it is, has been trotted out for years as testimony to Laitin's uncanny ability to survive. Of course, "serving the client" can also take the form of genuinely helping the boss, and Laitin was good at that, too. So good, in fact, that the Ford and Carter White Houses got angry at him because he made his clients, James Schlesinger under Ford and Michael Blumenthal under Carter, look good in the press at the expense of the president.

Take the time Treasury Secretary Blumenthal flew out to the Far East for meetings. As assistant secretary for public affairs, Laitin went, too, fulfilling the classic survivalist dictum that you should always travel with the boss. (The logic, now a bit dated, being that if you and the chief happen upon certain naughty diversions, it makes it hard for him ever to fire you.) Anyway, Laitin, employing his gift, suddenly insisted that Blumenthal visit Shanghai, where the new treasury secretary had lived as a boy after escaping Nazism. "That's your log cabin," Laitin told him. Blumenthal made the trip and came away with enormous publicity, not to mention respect for Laitin. Was Laitin providing good information to the public about economic issues? That didn't matter to Blumenthal. Was the large section of the department for which he was responsible well-run? That didn't matter either.

So Laitin, like countless other ring-kissers, could hardly be blamed for sensing that all that really matters in surviving is pleasing those above you. As for subordinates, according to this model of survival they aren't especially relevant. That explains why reporters tend to like Laitin as a person and as a professional (in part because he leaked a lot), while a number of former subordinates show a decided lack of enthusiasm on the subject of their old chief. If Laitin was known around press haunts as a guy who never forgot the name of an important reporter or government official, at Treasury he spent so much time on the phone and out to lunch that he is said not to have known even the names of two of the secretaries in his own office. A few years earlier, while at the FAA, he walked into the office of one of his top staffers one day and the secretaries remarked that they had never even *seen* him before. But why should they have? Laitin wasn't building an empire; he was building a reputation—for service to superiors.

As you can imagine, such reputations don't often depend heavily on a person's beliefs. Like most public affairs officers—indeed, like most ring-kissers who bounce from agency to agency—Laitin was not much of a policy man. To come across as one is considered bad form for survivors choosing this mode, the obvious reason being that the more closely associated you are with a particular policy, the worse off you'll be when administrations change. (The new guard can usually tell the difference between those who make policy and those who just mouth it.) On the other hand, if you don't identify with the administration at least partially, you could be out *before* the next election. So there's a balance to be struck.

A man who has spent the better part of a lifetime striking that balance is Dwight Ink, who for 30 years was a top manager at a half-dozen different agencies. Ink was a competent manager as managers go, but his greatest skill, according to several people who worked with him, was appearing neither too partisan nor too facelessly neutral. The latter is the way most career civil servants play it, and that's why few rise to be superbureaucrats at a political level. Ink was different. Whether he was at the AEC, or HUD, or OMB he could subtly—and without really saying anything—convey a sympathy with the prevailing political ideology, then just as effortlessly shed those few calculated ounces of conviction when bosses or administrations changed.

"If he knew what the secretary wanted, he'd help you get it," recalls Charles Haar, a Harvard law professor who was an assistant secretary of HUD in the late 1960s when Ink was assistant secretary for administration. "But he'd never move anything too fast; the instinct was for more paper, more copies, more dotted i's and crossed t's rather than for getting something done." The reason for that, as Haar and others have noted, is that getting something done too fast might have put him in a vulnerable position, and that kind of vulnerability is what the ring-kissing survivalist fears most.

Like many other administrators who endure for

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years, Ink is smart, hard-working, and competent; that's his reputation, and it's one reason he gets tapped so frequently. The problem with the definition lies with that word "competence." More often that not, the word has come to mean a peculiarly calibrated type of bureaucratic performance that doesn't have much to do with commitment to goals. While sometimes sharing and acting upon the boss's goals, subordinates too often substitute for genuine aims the kind of "managerial" efficiencies that so many administrators mistakenly believe can be separated from issues of policy.

Ink would convey a sympathy with the prevailing ideology, then just as effortlessly shed those few calculated ounces of conviction when bosses or administrations changed.

Thus, just as Joe Laitin never cared much about the politics of his clients as long as they sold briskly and reflected well on the salesman, so Dwight Ink never cared much about the prevailing philosophy of government as long as it allowed him to "do the job," whatever that meant. Given that, it was no big surprise when Ink accepted Reagan's offer last year to come out of retirement and coordinate the dismantling of the Community Services Administration, snuffing out some of the very same programs he once helped create while working at HUD. It wasn't that Ink had decided on long reflection that the programs didn't work. He simply did what good ring-kissers believe they are supposed to do. He did what he was told.

Wind-Sniffing

Now, in some ways it's a little unfair to single out Laitin and Ink. After all, they simply responded to the same ground rules for survival that most other upper-level bureaucrats, including many still in the government, subscribe to. Take William Heffelfinger of the Department of Energy. Reagan is planning to put DOE out of its misery, and Heffelfinger, as assistant secretary for management and administration, will do the bulk of the honors (the secretary, James Edwards, is a deferential sort of tooth-puller). The fact that Heffelfinger held a similar job under Carter when the department was *created* passes in Washington without notice. After all, the standard response goes, these are bureaucrats we're talking about, and they're supposed to be "professionals."

Heffelfinger's hard-nosed—many call it brutal—style of management is said to be the only reason he survives at all. A congressional subcommittee learned in 1978 that during his many earlier government incarnations he had falsified his resume by adding degrees and awards he never received, and had destroyed public documents, among other vices. When a man can undergo a full-scale congressional investigation and still get reappointed—and the reason he can get the new job is that he has a reputation for cracking the whip and otherwise pleasing whoever is boss—the legend of this route to survival grows stronger. This is true despite the fact that Heffelfinger does not appear to act like a timid ring-kisser. He yells and screams and tries to be a "tough" manager who gets things done. Depending on whom you talk to, that may even be true. The point, though, is that he furthers the impression that the best strategy for getting ahead in the government is to do others' bidding rather than your own. Heffelfinger may have missed out on other survivalist secrets—a clean nose, for instance—but he remembered the one about sniffing the wind to catch the drift of one's superiors.

The current master of that art is Frank Carlucci, a hard-working, bright, former foreign service officer, ambassador, deputy director of the Office of Economic Opportunity, deputy director of OMB, deputy CIA director, and now deputy secretary of defense. Carlucci's legendary budget-cutting abilities, like those of his current boss, Cap (nee "the Knife") Weinberger, were dulled considerably once it became clear what *Weinberger's* boss—the president—really thought about defense spending. The quickness of Carlucci's response to Reagan's concerns about leaks testifies to this uncanny meteorological ability that is so often believed to be essential for ringkissing survival. Carlucci embraced and implemented the order that lie detector tests be administered to senior defense officials. And like the good soldier he is, went first.

Ultimately, the lie detectors may prove far more destructive to Reagan than the leaks. As high-ranking Carter administration officials can attest, nothing so quickly breaks down basic loyalty to a president as this particular brand of faith in one's trustworthiness. But more to the point, the lie detectors prove once and for all that Carlucci

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belongs among the ring-kissers. He apparently considers it a productive day's work to have humiliated colleagues and subordinates in order to keep the boss happy.

Persuasion by Polar Water

Of course in his heart of hearts, Frank Carlucci probably doesn't like ring-kissing very much. In his line of work, ambition is not easily sublimated, and people who know him say that his will to survive is developing into a will to conquer. What Carlucci may be learning is that conquering can assure surviving, and that it makes some sense to develop empire-building skills, which in Washington means contacts in the press and on the Hill. These contacts are not meant to make your boss look good (the survival technique of a Laitin) but to make *you* look good, and to hell with your boss.

The greatest empire-builder of recent years is Admiral Hyman G. Rickover, who as a captain after World War II came up with an idea—nuclear submarines—and in the next 35 years proceeded to shape almost every aspect of the U.S. navy: training, technology, surface ships, and so forth. The way he did it is a fascinating story, but equally interesting is the way he got away with it without losing his job.

Joe Laitin, like thousands of other ring-kissers, could hardly be blamed for believing that all that matters in government is pleasing the boss.

It was in 1952 that Rickover first realized the classic ring-kissing route wouln't work for him. He had already beaten the odds and made great progress on the development of the first nuclear submarine (it was eventually finished many years ahead of schedule), but that year a navy selection board passed him over for promotion from captain to rear admiral for the second time. Whether it was because of his Jewish background or simply that he already nettled navy brass, his career appeared over. Up to then, two rejections meant automatic retirement.

But Rickover was smart enough to know that if he could create enough interest outside the navy, he might have a fighting chance after all. In part because he had a sexy project (though it really wasn't much more newsworthy that year than a lot of what goes on in government today), he caught the attention of the press, particularly a young Pentagon correspondent for *Time* named Clay Blair. Blair knew a good story when he saw one, and Rickover knew how to be cooperative—he even lent the use of his office and his wife's editing skills for the book Blair eventually wrote about him. In later years, once safely ensconced, Rickover shunned reporters. But when it counted he played them masterfully, especially those journalists like Edward R. Murrow whom he knew could endow him with some of their own respectability.

Meanwhile, he wasted no time meeting the right people on the Hill. The year before the promotion controversy he happened to have been seated on an airplane next to a young politician named Henry Jackson. They became friends, and along with Rep. Sidney Yates, Jackson led the charge that forced the navy to make Rickover a rear admiral, notwithstanding the selection board's decision. Rickover reached the mandatory retirement age for all navy personnel in 1963, but until last year (when at age 81 he almost sank a submarine while at the controls) he continually had been granted special two-year extensions, a biennial event that caused untold teeth-gnashing among his superiors.

Why did Congress admire Rickover so much? Part was clever flattery. He took members on submarine rides, wrote them hundreds of handwritten notes while on historic sea trials (who wouldn't save a letter with the dateline, "At Sea, Submerged"?), and brought back "polar water" as gifts for their offices. But most important, according to his recent biographers, Norman Polmar and Thomas B. Allen, was a peculiar "chemistry" he developed with many congressmen that made them believe they actually were involved with the building of the world's first nuclear-powered submarine and, later, with the creation of a nuclear navy. That chemistry—a critical element in any kind of empire-building—is really just the reflection of an ability to accomplish goals.

The fact that Congress and the press respond best to tangible achievement—as opposed to loyal ringkissing—has not always been a positive thing for the country. Just because reporters and congressmen can see it, touch it, and report it back home, doesn't mean the rest of us need it, as Rickover's success in winning support for a poorly conceived weapon like the Trident submarine suggests. But if this kind of congressional behavior can bring us bad weapons and wasteful pork barrel projects, it can also bring out the best in government employees—the desire to create and

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1960: Admiral Rickover and Edward Teller at the controls of the nuclear submarine, U.S.S. Patrick Henry. *Rickover would survive in the navy another 20 years.*

produce, and the understanding that if you do a good enough job in those areas, forces outside the bureaucracy will help you survive.

Rickover should be particularly inspirational to budding empire-builders because he proves that rank plays no role in such survival. He was a *fourth-echelon* officer (as deputy commander for nuclear propulsion, Naval Ships System Command, he reported to the chief of naval materiel, who reported to the chief of naval operations, who reported to the president). That's not to say he didn't use what position he did have, but in Rickover's case this meant an additional position *outside* of the navy, at the Atomic Energy Commission (and later at the Department of Energy).

Many powerful survivors have donned two hats before—Richard J. Daley was both mayor of Chicago and chairman of the powerful party committee that slated candidates for mayor of Chicago—but Rickover elevated it into an art form. Admiral Elmo Zumwalt, who despised Rickover for upstaging him when Zumwalt was chief of naval operations, recalls that when a navy request irked Rickover, his standard practice was to reply on AEC stationery, which allowed him to distribute copies of his position to congressional friends without going through the navy chain of command.

It was that chain of command that drove Rickover to distraction. Acting solicitous toward Congress and the press was one thing, the point being that it helped you accrue more autonomy for yourself. But performing like that every day for your boss was quite another (although Rickover expected it of *his* much-abused staff). "What was fatal to [General Wilhelm] Keitel [chief of Hitler's combined general staff] was not his weaknesses," Rickover lectured a congressional committee during one of his more than 150 formal appearances on the Hill, "but his virtues—the virtues of a subordinate." Among such regrettable virtues, Rickover believed, was a conception of the chain of command as something that entitled a bureaucrat to someday win perquisites. As far as he was concerned, such niceties had nothing at all to do with power and survival.

So where Frank Carlucci tends to want the best office space available, Rickover worked for 30 years out of a converted ladies room with no rug and flaking yellow plasterboard; where William Heffelfinger dines most afternoons at the likes of Le Provencal, Rickover had canned soup, cottage cheese, and skimmed milk at his desk; and where Joe Laitin, while assistant secretary of defense,

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bragged that he sat ahead of the generals in a motorcade, Rickover rarely wore a uniform and was indifferent to the idea of a fourth star. After all, he reasoned, what did organization charts have to do with building and keeping an empire?

Passport to Perpetuation

Now, not everybody in the government can, or should, think like Hyman Rickover. If they did, we'd have a country of anarchists and ulcers. But the fact remains that in almost any realm—military or civilian—chain of command tends to impede action. The best empire-builders recognize this and risk angering others in the hierarchy who believe individual initiative is a threat. Their power *and* their survival depend on a base outside the normal line of authority.

The greatest practitioner of this art was J. Edgar Hoover. When Hoover took over the FBI in 1924, it was a weak, corrupt, politicized, highly ineffective agency. When he died in 1972, the same thing might have been said. But in between, the FBI was, in the words of Victor Navasky, editor of *The Nation* and hardly a Hoover admirer, the "least corruptible, most sophisticated investigative agency in the world." Hoover revolutionized the science of crime detection—*legitimate* crime detection—by sponsoring innovation in lab work and training and by creating a high standard of performance for his agents.

The point is not to absolve this racist redbaiter of his crimes—against Martin Luther King, Jean Seberg, and the Constitution in general—but simply to make it clear that Hoover could not rely solely on his survivalist wits. If his cagey bureaucratic abilities had not been underlain by a strong conviction on the part of outsiders that he was doing something good, he wouldn't have made it.

Rickover didn't care about perquisites. As a fourth-echelon officer, he built his empire while eating lunch at his desk every day and working out of a converted ladies' room.

But accomplishment, as any government official should know, takes you only so far. Like Rickover, Hoover undertook a major effort to cultivate the press, particularly columnist Walter Winchell, and the Congress, particularly Rep. John J. Rooney, who for 25 years oversaw the FBI's budget. Equally important, he cultivated a public image, by using gimmicks like the Ten Most Wanted List and a long-running television series. Efrem Zimbalist, Jr., may be reluctant to star in the TV version of "The FDA" (co-starring special agent James Beard?), but that doesn't mean heads of government agencies less dramatic than the FBI cannot borrow some of the imagination Hoover used to create a public constituency for his programs.

You don't have to be as famous as Rickover or Hoover in order to use such skills. Consider the case of a woman named Frances Knight, who ran the passport office at the state department for more than 20 years, largely over the objections of most of the secretaries of state she saw come and go. These men resented her fiefdom but were essentially powerless to do anything about it. (Finally, in 1977, the state department succeeded in turning the passport office into what the career people always wanted—a place to let foreign service officers punch their tickets while waiting for another overseas assignment.)

Knight was controversial, but she realized that controversy, because it keeps the press interested, can be the stuff of survival, even for those in seemingly modest positions. She also understood that the press and Congress respond best if they are fed and cared for. When Drew Pearson called one Christmas Eve to say he needed 15 passports right away, she hustled down to the office. When a congressman had a problem with a constituent's passport, she took care of it within hours, an ability that members of Congress still recall with awe.

These survival skills, applied on the Hill and in the press, should not necessarily make us feel more cynical about the way the government works. As it happens, Knight often would extend the same service to anyone (airline clerks at international terminals across the country had her home phone number). But even if she hadn't, such cultivation of outside sources of power isn't objectionable in itself. What *is* objectionable is the use of such networks solely for the purpose of surviving. When the aim instead is survival as a way of accomplishing admirable goals—even if the goal is simply running an efficient passport office—well, then even the most dubious survival techniques can be put to good use.

To demonstrate the point, let's look at the most base and contemptible of those techniques, namely Hoover's use of blackmail. The conversation with a congressman usually went something like this:

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"Hello, congressman. Edgar Hoover here. Terribly sorry to hear about this unfortunate matter."

"What do you mean?"

"Well, we've had some reports that have come into our field office in your district. Frankly, I personally find them very difficult to believe. The whole thing just doesn't sound like you. But I just wanted to alert you to the fact that some reports have indeed been filtering into the Bureau."

"What reports?

"Believe me, congressman, this matter will be kept in strictest confidence between us. I've instructed the field office to route all the details of your case straight to the Director."

Whatever the congressman's little embarrassment—a drunken visit to a whorehouse, a son who happened to be a homosexual—Hoover knew how to use it to his advantage. The strategy, which didn't have to be employed too often to be effective, worked equally well with presidents. Hoover's reappointment was John Kennedy's first order of business after his election, and even after a feud broke out between Hoover and his nominal boss, Robert Kennedy (during which the director instructed tour guides at the FBI building to point out that he had become head of the bureau the year before the attorney general was born), JFK never even considered his removal. How could he? Hoover knew certain, uh, *details* about Kennedy's personal life. If William Sullivan, long-time number three man at the bureau, is to be believed, Hoover used this strategy even on Nixon of all people, after he and Bebe Rebozo were spotted in the company of a particular Chinese woman during trips to Hong Kong in the mid-1960s. By the early 1970s, Nixon, once a big Hoover booster, wanted him fired too, but like other presidents, he subscribed to Lyndon Johnson's memorable judgment that given the permeability of the administration's tent, it made more sense to have Hoover inside pissing out.

Honorable Blackmail

It doesn't require a deep sensitivity to fine moral distinctions to see that Hoover's form of persuasion constitutes the most reprehensible form of survivalism imaginable. But if you think about it a moment, you might realize that Hoover's blackmail, *sans* the prurient details, can be surprisingly instructive, especially to people who, unbelievable as it sounds, want to do good with their government service.

Suppose you hope to improve your program or agency, and that such improvement demands a certain level of performance from your boss. To the extent that you let the boss know that you are cognizant of what is wrong in this program or agency, and to the extent that he knows you care enough to do something about it, you have created in him a dependency not unlike that felt by presidents toward Hoover. This assumes, of course, that the boss is aware that you have attended to the fundamental empire-building duties of making contacts on the Hill and in the press that might allow you to make good on the implied threat of revelation, and it assumes that you have the guts to use those contacts. If the boss believes that you really are willing and able to go public, then he's more likely to want you inside his tent. That means you now have a powerful ability to pursue your own vision of how your agency or program should be run. Your boss, respecting this new power, will provide you more autonomy, which, assuming you maintain those essential outside contacts, could be the beginning of your own empire.

Hoover's blackmail,* sans *the prurient details, can be surprisingly instructive for people who want to do good with their government service.

But what's remarkable is that even if you have no designs on an empire—even if you like your boss so much that you might be characterized as a ring-kisser—you still can play a form of this game. In fact, the most effective user of constructive blackmail is the person who admires his superior, who wants to believe the best about him, who hopes that the boss soon realizes that his subordinates and all of the people who believe in his program will be disappointed if he doesn't shape up. What this really involves is a genuine, sincere version of what Hoover was disingenuously saying on the telephone to that congressman. It is an unconscious, unspoken way of playing not on the boss's fear of being exposed, but on his sense of guilt—guilt that he will disillusion those who share his goals.

Naturally, the only way the ring-kisser can inspire that very positive form of guilt is if he does indeed share those goals. And if he does share them, he might not be such an objectionable ring-kisser after all. Harry Hopkins (FDR's aide) and D.B. Hardeman (Sam Rayburn's aide—see sidebar) are examples of this better breed. Because

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they believed in what their bosses were trying to do, they shared in their bosses' accomplishments. Conversely, when ring-kissers do not believe in what their superiors are trying to do—when they are simply determined to outlast them—then they do not share in their major accomplishments, except in the sense that they feel a little battered for having endured the long ride. Joe Laitin showed a keen sensitivity to this point when he admitted to the *Los Angeles Times* last year after his luck finally ran out that "I can't point to one thing I've accomplished, but my blood is all over this town for fighting for what I believe is right." What was "right," of course, was simply survival itself.

So the determining factor is not which strategy you choose to employ, but what you want to employ those survivalist techniques *for*. If survival is an end in itself, then none of the gambits are worthy of our respect. On the other hand, if survival is used as the means to genuine accomplishment, then ring-kissing, currying favor with Congress and the press, even blackmail have their place when done constructively. That doesn't make all survival techniques equal in moralilty or even in plain tastefulness, but it can hook them to some larger purpose. The best survivors—the ones we all should learn something from—have made this essential connection. □

The Selfless Survivor

by Paul Duke

Every so often a survivor comes along who serves not only his boss, but everyone he knows, and in so doing gives the supplicatory style of survival a very good name indeed.

Such a man was D. B. Hardeman, the great liberal spirit and raconteur from Texas who was the political godfather to a whole generation of Washington reporters, political aides, and professors for a 20-year span starting in the late 1950s. Hardeman was the antithesis of pomposity and pretention, and that's why his death in December affected those of us who came under his tutelage.

As a rookie reporter on Capitol Hill, I first encountered Hardeman shortly after his arrival from Texas to serve as right-hand man to Speaker Sam Rayburn. A chubby man with a W.C. Fields face, he was open, friendly, encouraging, and helpful—and most important to a fellow just in from the Virginia backwoods, he knew everything there was to know about what was going on, or at least what was worth knowing. His knowledge of congressional affairs was unparalleled.

Those were the days when the mighty Rayburn still was running the House, still meeting regularly in the afternoon with a few close friends and intimates to sip bourbon and branch water and decide some of the fate of the Republic. Rayburn's Board of Education, it was called. Less known but no less convivial and free-wheeling was Hardeman's Board of Ignorance, a back-room gathering two or three times a week of a few knowledgeable aides from both sides of the Capitol, an occasional congressman or two, and several reporters. It was basically a social club, but the meetings served as an exchange of political information. To be included was akin to being initiated into the inner sanctums of congressional life.

Some people assume this backroom style represented a dirty kind of politics that is best left unmourned. Nothing could be further from the truth. Rayburn disliked lobbyists, he never once took a campaign contribution from a special interest, and he never once took a foreign junket. He—and by extension Hardeman—fought every day for legislation meant to reverse social inequity, and they often won. The contacts they made and the deals they cut were all in service to some of the noblest political goals of this century.

The group that gathered with Hardeman was an ambitious lot, and many of the Ignorance clubbers were heard from in later years—some in government, some as journalists, some in the academic field, one in scandal. The clubbers who drifted away rarely saw one another again, but one link remained. Almost everyone kept in touch with Hardeman, the one member of the group who was not out to make it.

As it turned out, this was the secret of his survival. The reason Hardeman himself never felt threatened was that he never represented a threat to anyone else. And the reason for that was not only his devotion to the speaker, his trustworthiness, and his effectiveness in the performance of his legislative duties, but his special attitude toward other people—especially people below him in stature.

There was D. B. the teacher, taking younger assistants under his wing, patiently explaining the system to them. And D. B. the friend, the best friend of scores of big and small folk, dispensing favors, willing to help with personal problems, even lending his apartment to companions having marital difficulties. And finally there was D. B. the gregarious, the bon vivant who reveled in good food, good drink, and good talk, and whose lively and stimulating conversation could spellbind for hours.

So when you sit down to try to figure out what allows someone to survive in Washington for many years, don't discount the human qualities of a D. B. Hardeman. In a city of posturing and arrogance, he's proof that it is possible to be a warm human being *and* a survivor, and that the former can help assure the latter.

Paul Duke is moderator of PBS's "Washington Week in Review" *and host of a new weekly program on Congress called* "The Lawmakers."

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Memo of the Month

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OLD SOLDIERS NEVER DIE

Can We Pay for the VA's Version of the Baby Boom?

by Phil Keisling

If you're interested in finding one of the most enthusiastic defenders of socialized medicine in America, forget about Senator Edward Kennedy. He's just dreaming about it. Speak instead to Cooper T. Holt, the executive director of a two-million member organization that's dedicated to the preservation of the largest government-run hospital system in the Western world.

Holt will be glad to give his opinion about the rapacious greed of private physicians: "The American Medical Association is the most selfish group in the world." He'll describe in moving detail how sick, lonely old men, most of them without health insurance, are at this very moment being forced into a "trough of public welfare" that strips them of "their human dignity." And as for closing any of this system's 172 hospitals and 226 out-patient clinics, or laying off any of its 200,000 employees, Holt has only one word: "unconscionable."

Holt is no flaming liberal. Last year his organization—the Veterans of Foreign Wars—broke an 80-year tradition of silence to endorse Ronald Reagan's presidential bid. Its other political causes have included military superiority over the Soviet Union, unwavering support for South Africa, the defeat of the Equal Rights Amendment, and massive budget cuts in social welfare programs. But when it comes to the Veterans Administration health care system—well, that's a different matter entirely.

Always has been, actually. "People say we're a sacred cow, and there's some truth to that," says Robert Lyngh, leaning back in his chair and puffing on a cigar. Lyngh, Holt's counterpart for the 2.7 million member American Legion adds, "Being against veterans is like being against motherhood and apple pie."

Phil Keisling is an editor of The Washington Monthly.

But motherhood and apple pie don't come cheap these days. For fiscal year 1983 the Veterans Administration's budget will exceed $24 billion. Seven billion dollars is reserved for the hospital system; most of the remainder will finance various pension and disability compensation programs. Only two federal agencies—the Departments of Defense and Health and Human Services—have larger budgets. Only the Pentagon boasts more employees.

This budget is the legacy of several decades of generosity. Since 1945 a grateful nation has spent more than $300 billion on behalf of its veterans. While World War I and Vietnam veterans have not fared as well as their World War II counterparts, most of the nation's 30 million living veterans have taken advantage of one or more benefits: disability payments to the service-disabled; $60 billion in education and training assistance through the GI bill; special unemployment compensation; no-downpayment, low-interest home loans and mortgage guarantees; hiring preferences for government employment; health care; old age pensions; burial plots for veterans and their spouses; and free headstones.

Together these programs form a comprehensive social welfare system that provides enlistment-to-grave protection—and beyond. Two decades after the last soldier died, the VA's still providing monthly pension checks to over 300 widows and surviving children of Civil War Veterans. This goes to show that the anti-Vietnam war protesters of the 1960s might have been a lot more convincing if

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ILLUSTRATIONS BY LUCINDA SCHAEFER

they'd dropped their placards and pulled out their pocket calculators. By the time the nation stops paying for that mistake sometime around the year 2100, we'll have spent two to three times what it took to actually fight the war.

Now the full bill for one of the most generous promises the nation has made to its veterans—free medical care—is just coming due. The timing could hardly be worse: right when next year's federal budget deficit seems headed for triple digits, the Veterans Administration finds itself straddling a medical time bomb.

The typical World War II veteran—the one who returned home, found a job, began paying taxes, married, and made his own contribution to the "Baby Boom"—is now 62. Because of him and 12.5 million fellow World War II alumni, the number of veterans over the age of 65 will climb from three million to over seven million by 1990. By the year 1995, fully 60 percent of all elderly males in America will have once worn a military uniform.

The graying of America's veterans is important for two major reasons. The first is obvious: people over 65 increasingly need more frequent—and more expensive—medical care. Far more important, as a result of a law Congress passed in 1971, all veterans 65 or older are eligible for free medical care *regardless of financial need.* You read it right. The down-and-out alcoholic who once fought at Iwo Jima, the millionaire IBM executive who served his entire tour of duty at a Northern Alabama supply depot, even President Ronald Reagan, who spent his military service making air force training films—all are equally eligible for VA care.

Old Math at the VA

So what is the Veterans Administration planning to do about the thousands of elderly veterans who'll soon start streaming into its already crowded waiting rooms? About the same thing you'll find most professional football teams doing on a fourth and 12 situation: punting.

The VA currently has no plans to build new hospitals except to replace a few existing facilities. As for nursing home beds, Paul Haber, the VA's assistant chief medical director for geriatrics and extended care, says the agency's most recent plan calls for adding about 10,000 beds by 1993.

It doesn't take a fancy econometric model to realize these numbers fall short—by over 50,000 beds. A 1978 VA study predicted that demand for hospital beds will soar from the current 85,000 beds to 120,000 by the year 2000. Nursing home bed demand will triple from about 20,000 to 60,000. And these are *conservative* estimates. The agency assumes the same proportion of veterans currently using the system—only one in five veterans who now require hospitalization go to VA hospitals—will continue to do so. But runaway private hospital costs and future cuts in programs like Medicare will make the VA's free care look far more attractive in coming years. The VA also assumes most veterans will remain ignorant of its full range of medical benefits. A 1979 survey by the agency found 75 per cent of veterans didn't realize

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they were eligible for free nursing home care. As one congressional staffer predicts, "A lot of people are suddenly going to rediscover they're veterans."

Not surprisingly, the VA prefers not to concede the conclusions its own statistics imply. Hinting about future restrictions on eligibility, Haber now says the 1978 estimates were "exaggerations." And in the time-worn tradition of government agencies caught trying to hide an elephant-sized problem under a throw rug, VA officials urge that final judgment be withheld until it has completed—you guessed it, another study. The urgency attached to this study—called MEDIPP—can best be gauged by the fact that its conclusions won't be available until work begins on the fiscal year 1985 budget. And by then the VA probably couldn't build new facilities fast enough, even if money were available, which it isn't. Have you heard any congressmen soliciting suggestions for brand new federal spending programs lately?

In fact, rather than expand its system to serve the elderly veteran—the cost of which even the VA refuses to disclose—Congress could close three quarters of the VA's hospital beds tomorrow and *still obey the law.* You read that right, too. The VA's primary obligation is to treat veterans with service-connected disabilities. Only the most heartless could quarrel with that. Veterans with non-service-connected ailments—and about 80 percent of the VA's 1.2 million hospital patients last year were in this category—are legally entitled to care on a *space available basis.* If space isn't available, for whatever reason, the VA is off the hook.

That won't make the elderly veteran or his medical problems disappear. Far from it. The typical VA patient is poor, single, and without health insurance of any kind—more likely to be found living in a dingy downtown hotel room than selling insurance and marching in American Legion parades. Unable to find care in a VA facility, he'll probably turn to Medicare or Medicaid—two federal programs whose costs are an open, bleeding wound on the federal treasury. Who'll pay if the VA can't treat the elderly veteran? We all will.

So is there any way the VA can meet the demands of the nation's elderly veterans? More important, should it? To answer those questions, it's important to understand why the VA system exists—and how it works.

Featherbedding, VA Style

The origin of the modern VA lies in the establishment of the Veterans Bureau, created by Congress in 1921 for returning World War I veterans. From its inception, the Veterans Bureau set a definitive standard for how inefficient, wasteful, and occasionally corrupt a government agency can be.

The bureau's first director was Charles Forbes, a former marine deserter who somehow ingratiated himself into President Warren Harding's inner circle. When Forbes took over, the bureau had 30,000 employees and a budget of $500 million—making it one of the federal government's largest agencies. The mission of its hospital system was simple and incontestable: provide care for soldiers wounded in the line of duty.

Forbes quickly realized the bureau's potential for political—and personal—gain. He convinced Harding to give him sole control over the nation's army surplus supplies—and then promptly sold $5 million worth of surplus goods from the Perryville, Maryland, supply depot to his friends for a mere $600,000. Forbes's friends repaid him generously for the favor, as they did when he bought their land for new VA hospitals at vastly inflated prices.

To justify the construction of new hospitals, Forbes discovered a trick that his successors wouldn't forget: namely, if you can't find sick veterans, find some relatively healthy ones willing to accept free government room and board. In one South Carolina tuberculosis hospital, for example, investigators later discovered a full third of the patients didn't have the disease. At the Speedway hospital in Chicago, 80 percent of the patients spent most of their time in town.

Between now and 1990, the number of veterans over 65 will climb from three million to over seven million. All of them will be eligible for free VA medical care.

Congress aided Forbes's empire building in 1923, when it authorized treatment of certain veterans with non-service-connected disabilities on a space-available basis. In 1933 a restriction was added: such veterans could be treated if they swore they couldn't otherwise afford medical care. The Veterans Administration—the bureau had expanded and changed names in 1930—was for-

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bidden to question this oath of indigency.

A mixture of patriotism, politics, and simple humanitarianism lay behind Congress's willingness to pay for the system's expansion. Many felt the nation had been downright stingy with returning World War I veterans, most of whom got no more than $60 in "mustering out" pay and a train ticket home upon leaving the service. (Resentment at such treatment boiled over into violence in 1932, when 15,000 unemployed World War I veterans marched on Washington, D.C. in a vain quest for bonuses. Army troops led by General Douglas MacArthur forcibly evicted them.) Free hospital care could compensate somewhat for past neglect. What's more, without the VA most indigent veterans would have been forced to turn to the era's notoriously bad charity hospitals—or receive no care at all.

Forbes's shenanigans ultimately earned him two years at the Leavenworth federal penitentiary. But if his successors were more honest, they were no less interested in preserving and expanding the VA's hospital system. By 1955 the agency operated more than 128,000 hospital beds, most of them for veterans suffering from ailments unconnected with military service.

By then the VA had found a new justification for its hospital system: the education of the nation's doctors. In 1946, VA administrator General Omar Bradley launched an ambitious effort to affiliate as many veterans hospitals as possible with medical schools. The plan was a resounding success; today 134 hospitals are so affiliated.

The VA certainly benefitted from this arrangement. The quality of the system's medical care—a subject of periodic scandal during the thirties and forties—improved noticeably in these affiliated hospitals. The VA also gained a powerful institutional ally with a stake in its survival—and its further expansion. As one high-ranking VA official observes, "Close the VA system, and 50 medical schools would either go under or be on the verge of collapse."

For the medical schools, it was the kind of sweetheart deal to make a Teamster negotiator proud. Affiliation gave the schools patients for their students to learn on and provided salaries for their professors. The VA bought state-of-the-art equipment and financed research. So obliging was the government that, in many hospitals, the medical school assumed day-to-day operational control, deciding whom to hire and what services to emphasize. It was an extraordinary arrangement—a federal agency ceding substantial administrative control to private institutions.

The affiliation policy spurred a feverish new round of hospital construction. From 1945 to 1966, a total of 66 new veterans hospitals were constructed, most of them next to medical schools. Yet in exchange for this investment, the VA drove a noticeably weak bargain. To this day, though one third of all American physicians have received some training in VA hospitals, the government requires almost none of them to serve time in VA hospitals. Instead, the government competes directly with the private sector for personnel—a strategy that requires frequent and substantial pay hikes to attract qualified doctors and nurses. In 1980, for example, Congress raised the ceiling for VA physicians' salaries from around $63,500 to $77,500. When President Carter vetoed the bill as overly generous, the various veterans organizations reacted as if he'd just endorsed the public flogging of World War I amputees. Their lobbying efforts resulted in veto override votes of 401-5 in the House and 85-0 in the Senate—two of the most lopsided override votes in the nation's history.

The relationship between the VA, the veterans organizations, and the congressional veterans affairs committees is as inbred as the ancient Egyptian family.

The Khaki Triangle

While the medical schools have bestowed respectability on the VA hospital system, the agency's most powerful allies long have been the various veterans organizations. The American Legion (2.7 million members), the Veterans of Foreign Wars (two million), the Disabled American Veterans (700,000), AMVETS (150,000), and other, smaller veterans groups comprise one of the most formidable lobbying phalanxes in American politics. Leaders boast of being able to deliver a million letters to Congress on a given issue. The veto override on the salary bill was only one example of their clout; another was Carter's aborted effort in 1978 to modify civil service hiring preferences for veterans. More than just votes are involved here, though Congress certainly is aware

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that four of ten Americans are veterans or members of their immediate families. A sense of fraternity also prevails; in the current Congress, two thirds of the House and three quarters of the Senate have served in the military.

The VA, the veterans organizations, and the congressional veterans affairs committees combine to form a particularly unyielding type of "Iron Triangle." A glance at the principals in these three groups reveals an arrangement as inbred as the ancient Egyptian royal family. Three of the last five VA administrators have come from the leadership ranks of the various veterans organizations. Nixon appointed former American Legion national commander Donald Johnson to head the agency; he was replaced by Richard Roudebush, former national commander of the VFW. Roudebush's heir was Max Cleland, a disabled Vietnam veteran and a former staffer for the Senate Veterans Committee. When Cleland left, his deputy, Rufus Wilson, a former president of AMVETS, acted as temporary administrator. When Reagan appointed World War II veteran Robert Nimmo, Wilson joined the staff of the House Veterans Affairs Committee. For two decades that committee's staff director was Oliver Meadows, a past national commander of the Disabled American Veterans.

David Stockman wrote in 1975: "The VA budget mostly benefits ex-servicemen who do not even have a hangnail to show for their harrowing experiences in uniform."

The congressional committees are a key part of this game of musical chairs. The VA is the only agency in the federal government with its own committees in both houses—a distinction few cabinet departments even enjoy. These committees exercise almost total control over veterans programs. The House committee, for example, brings all veterans appropriations bills onto the floor under a suspension of the rules, which prohibits any amendments. Retired House committee chairman Ray Roberts has justified this ploy as the only way to control the runaway generosity of his colleagues. "My problem has been to keep legislation off the floor that would bankrupt the country," he recently told *Congressional Quarterly*.

That's not to say Roberts and his legislative cohorts are exactly spendthrifts. Over the years a traditional ritual has evolved in Congress. The various veterans organizations parade before the sympathetic committees, urging the expansion of existing benefit programs and the creation of new ones. The VA hospital system is often attacked for being underfunded. The VA usually defends itself, but feebly; after all, such criticisms invariably result in its getting more money. The committees endorse many of these additional requests, allowing Congress to approve a larger budget for the VA than the one recommended by the Office of Management and Budget—the traditional villain in this set piece.

The ritual transcends ideological bounds. Senator Alan Cranston, who until last session chaired the Senate Veterans Affairs Committee, strongly believes increases in veterans programs will benefit many minority members and poor people—sort of a liberal version of the trickle-down theory. Cranston's conservative counterparts in the House simply put aside their fiscal scruples when it comes to veterans.

Last spring, for example, OMB director David Stockman proposed $300 million in cuts in the VA health care budget. Stockman has hardly endeared himself to the Iron Triangle, not just for finessing the draft through a stint in seminary school, but for sentiments like these, written in 1975: "Members of Congress openly admit to holding their noses when the annual $12 billion [now $25 billion] is appropriated for the VA, most of which benefits ex-servicemen who do not have even a hangnail to show for their harrowing experiences in uniform." A chastened Reagan soon brokered away the $300 million cut to secure the votes of House Veterans Affairs chairman G.V. "Sonny" Montgomery of Mississippi and fellow "boll weevil" Democrats on his tax and budget programs. Few other items in the entire budget escaped so unscathed.

As for dealing with the coming crisis of the elderly veteran, a recent incident suggests the Iron Triangle will complain a lot about the system's deficiencies—and then do little about them. For example, demand for medical care could be reduced by excluding elderly veterans who make over $15,000 a year. In truth, such a standard would be like trying to stop a gaping shotgun wound with a Kleenex, since it would affect only about ten percent of the veterans now using the

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By 1995, 60 percent of America's elderly males will be eligible for free medical care in VA hospitals.

system. But even so, when the VA last fall proposed such an income level as a mere *guideline* for judging the indigency oaths of veterans under 65, switchboards throughout the agency and Congress lit up like the control panel of a nuclear power plant in the midst of meltdown. VA director Nimmo, telling irate veterans groups he hadn't properly reviewed the matter, then withdrew the guideline. It has since been relegated to the same oblivion reserved for other pariahs—like proposals to eliminate minimum social security payments to the rich.

The geometry may sound a bit strange, but over the years it has proven a happy marriage: the Khaki Triangle and the almighty Pork Barrel. President Calvin Coolidge got a VA hospital for his home town in Massachusetts, as did former House Speaker Sam Rayburn. Rep. Olin "Tiger" Teague, perhaps the most powerful chairman in the history of the House Veterans Affairs committee, not only got a VA hospital for his district, but in 1972 Congress appropriated money to build an adjacent medical school. Harvard University's medical school lobbied hard to keep its underutilized VA hospital open so it wouldn't have to share

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another one with Tufts and Boston University. It succeeded—thanks partly to the influence of another House Speaker, Tip O'Neill. Though the hospital is renowned for its spinal cord injury ward, a VA official concedes, "Boston needs that VA hospital like a boar needs teats." In Portland, Oregon, where an excess of private hospital beds could easily accommodate the VA's patients, a $200 million replacement hospital was scheduled for deferral last spring by the OMB. It was restored in the budget at the behest of Senate Appropriations Committee chairman Mark Hatfield of Oregon.

Care Inflation

This kind of decision-making tends to wreak havoc with rational health care planning. For example, the VA has a knack for operating hospitals in areas that already have an abundance of beds in the private sector. When it comes to replacing old facilities, like the one in Portland, contracting for veteran care in community hospitals would probably be cheaper than constructing an entirely new facility. But Congress expressly prohibits such contracting—while allowing it for nursing home care. And when Congress enacted a 1974 law requiring all new private hospitals to acquire a "certificate of need"—a law designed to control hospital costs by preventing duplication of services—the VA specifically was exempted.

Since the budget for each VA hospital is based on the previous year's occupancy rate, some administrators are encouraged to take in unneedy patients.

VA regulations also encourage inefficient use of resources within hospitals. This was the most important finding of a $6 million study released in 1977 by the National Academy of Sciences—the most comprehensive, independent look at the VA hospital system in its history. Though many elderly veterans in the future will be denied care because hospitals are overcrowded, the academy discovered that in the past the VA system often has had an opposite problem: giving patients more care than their conditions required.

As an illustration, consider the 404-bed VA hospital at Fort Lyon, Colorado. In 1980 it received just five applications for each of its 172 medical beds—a very low demand by hospital standards. The VA hospital in Tampa, Florida received about 50 applications for each of its 299 medical beds. Yet both hospitals stayed about 80 percent full.

No, the Florida climate isn't responsible for this; veterans there get just as sick as those in Colorado. But where Florida veterans who could be properly cared for in nursing homes or outpatient clinics usually get such treatment, in Colorado they usually are put in the hospital because plenty of beds are available. Since nursing homes and outpatient clinics are far less expensive than hospitalization, facilities like that at Fort Lyon essentially provide some of the nation's most expensive public housing.

The reason for this inefficient use of facilities—the medical equivalent of burning antique furniture in a wood stove—is one Charles Forbes could have well appreciated. The VA actually encourages hospital administrators to admit unneedy patients. Since the VA budgets for each hospital on the basis of the previous year's occupancy rate, a typical administrator quickly realizes the advantages of keeping his hospital full. A conscientious bureaucrat who attempted to save the federal government's money would suffer a sizable budget cut. He'd be forced to close beds, lay off employees, and suffer the inevitable wrath of the surrounding community—not to mention the district's congressman. That's a sure-fire prescription for job insecurity if there ever was one. As one participant in the NAS study observed, "We got the impression that in some of these places the hospital was practically going out, dragging veterans into the hospital, and two weeks later asking their name." The VA claims it's corrected some of these abuses but the method of budgeting, in slightly modified form, still prevails.

The aging veteran presents the VA with a host of new problems that magnify existing ones. Faced with a development as inevitable as the next appearance of Halley's comet, the VA has planned for the elderly veteran largely by ignoring him. For example, the VA system has a surplus capacity to perform complicated operations like open heart surgery and kidney transplants, while its nursing home beds and alcohol rehabilitation programs are overcrowded. Geriatrics wasn't even given its own box on the VA's organizational charts until 1975, and since then it's been starved for funds. Eight geriatric research centers were established that year, but

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money for additional facilities hasn't materialized. Haber estimates the need for nursing home beds could be halved if research discovered a cure for senile dementia. This year the VA will spend only about $2 million on such research—about .04 percent of its budget.

If that were the final word on the VA, few could argue with those who urge its abolition. The Heritage Foundation, the right-wing think tank that has provided much of the ideological grist for Reagan's attack on social welfare programs, has done just that. The Foundation recommends that the system be dismantled and veterans "mainstreamed" into "more efficient" private hospitals.

What such a recommendation ignores, however, is the fact that private hospitals are riddled with the very same problems that plague the VA. The neglect of the elderly, for example, is endemic to all American medicine. Private hospitals long have shown an enthusiasm for acute hospital care and highly sophisticated technology; left relatively ignored have been preventive medicine, geriatrics, and the treatment of such diseases as alcoholism and senility. An excess of acute care hospital beds now plagues many areas of the country, while long waiting lists exist for nursing home beds. It's an allocation of resources that bears striking resemblance to the Pentagon's passion for complicated, high-priced weaponry at the expense of simpler—and more effective—armaments.

The VA has also proven its ability to provide quality medical care. Some VA hospitals, especially those in small, isolated communities, have serious deficiencies. But the NAS study also found that some VA hospitals, particularly those affiliated with medical schools, provide as good—if not better—care than private hospitals. The VA's nursing homes were judged decidedly superior to those in the community. In short, the VA, rather than being inferior to private medicine, mirrors both its strengths and its weaknesses.

Actually, in one crucial way the VA health care system is decidedly *superior* to its private counterpart. Not only is the VA capable of providing decent health care but it's proven far more able than the private sector to control the most serious problem facing American medicine: runaway hospital costs. In 1981, for example, private hospital costs per patient day rose 15.9 percent—compared to a 9.4 percent rise in the consumer price index. Since 1975 private hospital costs have doubled. By comparison, hospital cost in the VA system rose only eight percent in 1981.

The explanation lies in the fact that the VA is far more capable of controlling the biggest component of hospital costs: salaries. VA doctors and

THE RULES OF THE GAME

Reform and Evolution in the International Monetary System

Kenneth W. Dam

Adopting a legal and historical perspective, Dam analyzes the rules changes that have occurred in the international monetary system from the nineteenth century to the 1980s. He addresses the key question of the relative functions of reform, in the sense of consciously planned change, and evolution, a term he uses to refer to unplanned changes. He explores the myth of the self-regulating gold standard and the current nostalgia for it; the problems that the Bretton Woods system was set up to deal with and the eventual breakdown of that system; and the ensuing debates over fixed and floating exchange rates, gold and the dollar, Euromarkets, and international debt. $27.00

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nurses' salaries are set by the government. What's more, personnel have no financial incentive to perform dubious operations or tests. VA hospital administrators also are forced to operate within a budget; they cannot act as if they have an unlimited draw on private and government insurance funds. Most important, by instituting different budgetary incentives that encourage appropriate, lower-cost care, the VA could do an even better job of controlling its costs.

If anyone doubts that spiraling health care costs are a serious problem, consider this: last year the nation spent $285 billion on medical care. That's almost ten percent of our gross national product—and far in excess of what the government plans to spend on defense this year.

For all its faults, the VA should provide the model for how most health care in America is delivered.

As the nation ages—by the year 2000 one in five of us will be over 65, compared to one in eight today—these costs will rise even further. And every dollar spent keeping people well is one less dollar than can be spent on other things, such as rebuilding the nation's highways or developing alternative forms of energy.

The Right Way to Run Hospitals

That's why the problem of the elderly veteran is the nation's problem as well—and why the VA, for all its faults, should provide the model for how most health care in America is delivered. In fact, the system's demonstrated potential to provide quality health care, at less cost than the private sector, argues peruasively for the establishment of a National Health Service. In exchange for free medical education, doctors would work for the government, where the government decided they were needed. Right now, every other profession in America responsible for protecting people's lives—the military, firemen, the police—operates in this fashion. A few private hospitals could remain to provide a standard by which to judge the Health Service; people willing to spend extra money for treatment in such hospitals could do so in much the same fashion as people who hire private detectives.

The NHS also would eliminate a glaring inequity in how the government treats its less fortunate citizens. By maintaining a separate system for veterans only, the nation divides the medically needy into two separate classes. Today, a 70-year-old veteran with cancer, even if he's a millionaire, can live the remainder of his life in a VA nursing home at absolutely no cost to him or his family. A 70-year-old woman with exactly the same disease, relying on Medicare or Medicaid, will be be forced to liquidate most of her life's savings to get the same care—assuming it's available.

This explains why veterans organizations—most of whose members will never see the inside of a VA hospital—so vehemently insist on preserving the separate system. "A guy with a bad case of cancer can go through $100,000 in six months," says the Legion's Lyngh. "We say, why should he have to leave his family impoverished if an alternative exists with the VA?"

Indeed. But why should *anyone* have to leave an impoverished family? After all, free, comprehensive health care for veterans with non-service-connected disabilities is actually a privilege ("on a space-available basis") that's been around so long it's erroneously considered an inalienable right. But rather than deny such care to poor, aging veterans, the government should broaden the eligibility for VA care to include *all* the medically needy.

Such a strategy could save the government a substantial amount of money. Underutilized VA hospitals could treat Medicare and Medicaid patients; priority, of course, always would go to veterans with service-connected ailments. In areas of high demand, rather than build expensive new hospitals for veterans only, the government could begin buying private hospitals as the first step in establishing a National Health Service. Hospitals could be acquired much the same way municipal governments acquired privately held utility and trolley systems at the turn of the century—by selling bonds.

Why should people now using private insurance support the NHS for themselves? For the simple reason that this is one of those rare instances where a new government bureaucracy can actually *save* money. The private insurance system already has demonstrated its impotence in containing medical costs; what's more, pressures to send those costs higher will grow more intense in coming years.

A major cause for this is a glut of doctors. Some cities already have excess physicians; by the year 2000, according to a 1980 study commissioned by the Department of Health and Human Services, the entire nation will have an excess of 150,000

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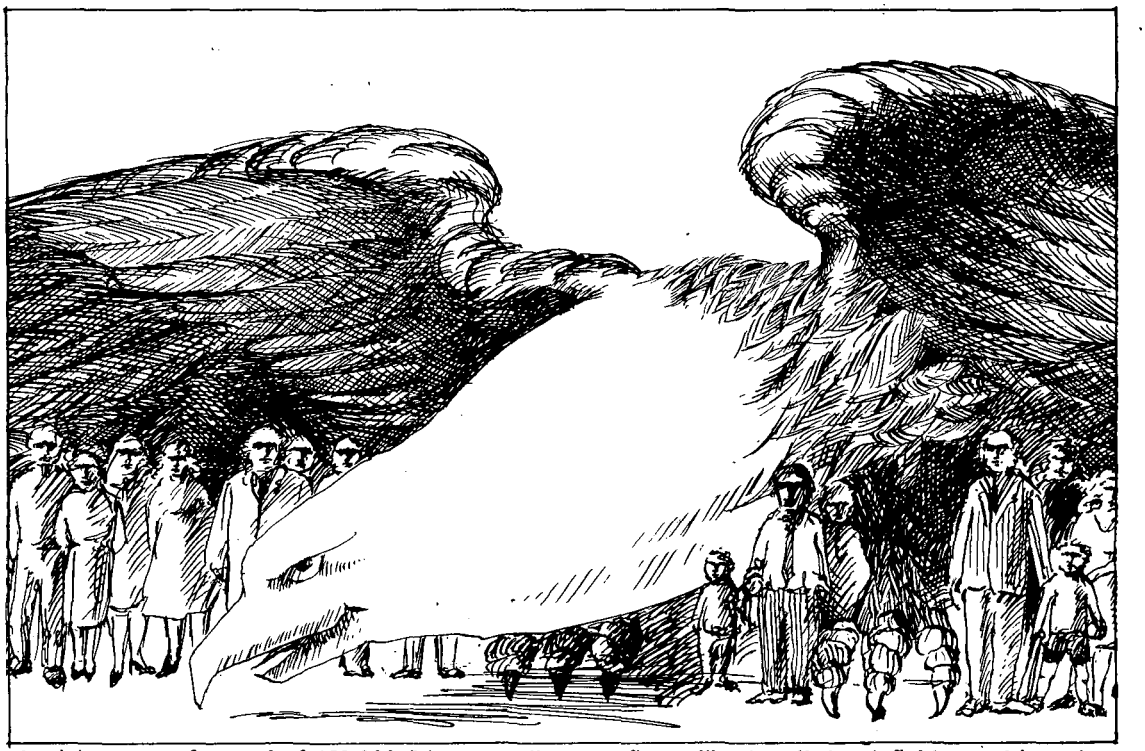

physicians out of a total of 650,000. It's no small irony that the billions of dollars the government has spent in the last three decades—for building medical schools, subsidizing medical students' tuition, and operating VA hospitals—have helped produce this over-supply.

Those free-marketeers who think too many doctors will cause increased competition and lower prices need only refer to a recent study conducted at the Harvard Medical School. The study concluded that two thirds of the 110,000 coronary by-pass operations performed each year in America are unnecessary and could be replaced by less expensive care. It should come as little surprise that the HHS study found cardiology one of the most oversubscribed specialties in medicine. It's a medical version of supply-side economics—the greater the supply of doctors, the more people who need health care. It's also a prescription for soaring insurance rates—which everyone pays as surely as they pay taxes.

The VA itself also has a reason to endorse the NHS. The agency badly needs a new justification for its separate existence. Medicare and Medicaid now provide a medical safety net for poor veterans, and the nation hardly needs many more doctors. About the best the VA's come up with so far is to serve as a "back-up" hospital system in the case of a conventional war in the Middle East or Europe. The VA says its hospitals are "uniquely configured" to handle battlefield casualties, whatever that means. The Pentagon might have second thoughts when it realizes the typical emergency room in a downtown private hospital probably has more experience treating gunshot wounds than do most VA hospitals.

Wouldn't a National Health Service amount to socialized medicine? Some certainly would call it that. But it's baffling why this seems to upset people. After all, the American Legion—an organization that never misses a chance to extol the virtues of Americanism—is quite enthusiastic about socialized medicine for veterans. In fact, all the service organizations claim the VA delivers high-quality, comprehensive health care at less cost than private medicine. The last four chairmen of the House Veterans Affairs Committee—who between them probably cast fewer ADA-approved votes in their lifetime than Senator Kennedy does in a week—will tell you the same thing.

For those who despair of ever convincing normally conservative voters about bringing such a system to America, simply look at Britain. Everyone always likes to criticize Britain's health care system, especially the British. But where does the Conservative party stand on the question of keeping it? Squarely in favor, thank you.

If it's good enough for Margaret Thatcher—not to mention America's veterans—it should be good enough for the rest of us. □

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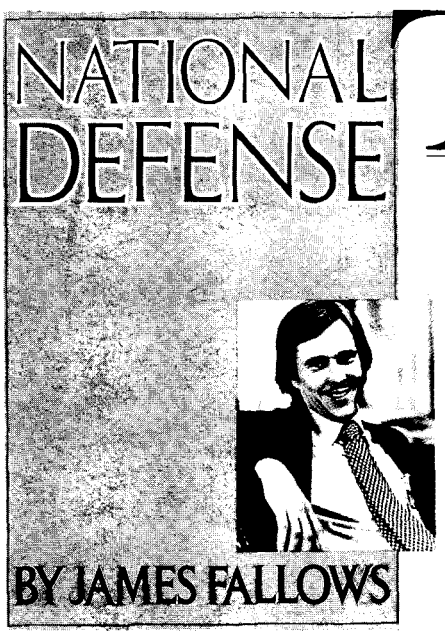
12th Annual Political Book Award

Winner:

National Defense

by James Fallows



This book represents two important new movements—one in journalism that brings together investigative enterprise, graceful prose, and analytical rigor; the other in politics that, in its perception of problems and possible solutions, seeks to free itself from the blinders of conventional liberalism and conservatism. More than any other book published in 1981, *National Defense* combines and furthers these aims.

Fallows, Washington editor of *The Atlantic* and a contributing editor of *The Washington Monthly*, explains how the debate over "more" or "less" defense spending has prevented the public from understanding the need for a *better* defense. He argues that to accomplish this end, the military establishment must stop relying on overly complex weapons and strategies that don't work well under real battlefield conditions. One reason they don't work is the triumph of "managerial thinking" at the Pentagon. Such thinking has harmed not only military hardware, but leadership, troop morale, and the other intangibles that make up a successful national defense. This cogent, much acclaimed book should serve as a model for writing about not only defense but all public affairs.

published by Random House

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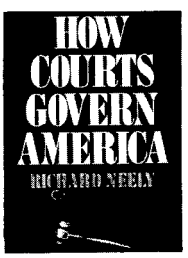
Honorable Mention:

How Courts Govern America

by Richard Neely

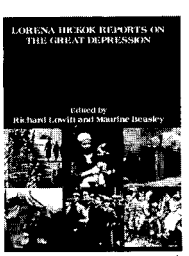


Neely, a West Virginia Supreme Court justice, is wrong in believing that courts generally help the American system work better; too often they do the reverse. But his consistently funny and quite candid anecdotes about his experiences as a candidate, legislator, and judge fill the greatest gap in the literature of political science—stories that illustrate how government works in human, understandable terms.

Yale University Press

One Third of a Nation

Lorena Hickok Reports on The Great Depression



A compelling example of how high government officials can learn what is actually happening with their programs by sending someone out in the field to report back to them directly. Hickok, a newspaper woman who was working for the government only temporarily, gave Harry Hopkins the kind of unvarnished, readable advice he needed about how New Deal programs were working and what was needed to improve them. The book is a model of honest, effective evaluation at its best.

University of Illinois Press

Nominees included:

American Politics: The Promise of Disharmony. Samuel P. Huntington. Harvard University Press.

Building a Sustainable Society. Lester Brown. W.W. Norton.

Clean Coal/Dirty Air. Bruce A. Ackerman, William T. Hassler. Yale University Press.

Confessions of a Criminal Lawyer. Seymour Wishman. Times Books.

Courts of Appeal in the Federal Judicial System. J. Woodford Howard. Princeton University Press.

Do New Leaders Make a Difference? Valerie Bunce. Princeton University Press.

Economic Prerequisite to Democracy. Dan Usher. Columbia University Press.

The Economics of Justice. Richard A. Posner. Harvard University Press.

Ethnopolitics. Joseph Rothschild. Columbia University Press.

Freedom of Expression. Archibald Cox. Harvard University Press.

Generations and Politics. M. Kent Jennings, Richard Niemi. Princeton University Press.

The Greatest Power on Earth. Ronald Clark. Harper & Row.

Hooded Empire. Robert Alan Goldberg. University of Illinois Press.

How Courts Govern America. Richard Neely. Yale University Press.

Industry Influence in Federal Regulatory Agencies. Paul J. Quirk. Princeton University Press.

The International Bill of Rights. Louis Henkin, editor. Columbia University Press.

Liberal Democracy: A Critique of Its Theory. Andrew Levine. Columbia University Press.

Life, Work, and Rebellion in the Coal Fields. David Corbin. University of Illinois Press.

Minnesota Rag. Fred Friendly. Random House.

MX: Prescription for Disaster. Herbert Scoville, Jr. MIT Press.

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National Defense. James Fallows. Random House.

News from the White House. George Juergens. University of Chicago Press.

One Third of a Nation. Richard Lowitt, Maurine Beasley. University of Illinois Press.

Perspectives 1982. Frederick W. Mayer, Bruce W. Jentleson, eds. Close-Up Foundation.

The Plot to Kill the President. G. Robert Blakey, Richard N. Billings. Times Books.

Politics in America. Alan Ehrenhalt, ed. Congressional Quarterly.

The Politics of Land-Use Reform. Frank Popper. University of Wisconsin Press.

Portraying the President. Michael Baruch Grossman, Martha Joynt Kumar. Johns Hopkins University Press.

Public Duties. Joel Fleishman, Lance Liebman, Mark H. Moore. Harvard University Press.

The Rise of Political Consultants. Larry Sabato. Basic Books.

Saudi Arabia in the 1980s. William B. Quandt. Brookings Institution.

Science at the White House. Edward J. Burger. Johns Hopkins University Press.

The Secret That Exploded. Howard Moreland. Random House.

Sentimental Imperialists. James C. Thomson Jr., Peter W. Stanley, John Curtis Perry. Harper & Row.

Strategy and Choice in Congressional Elections. Gary C. Jacobson, Samuel Kernell. Yale University Press.

The Struggle for Black Equality. Harvard Sitkoff. Hill and Wang.

U.S. Foreign Policy and the Law of the Sea. Anne L. Hollick. Princeton University Press.

U.S. vs. Crime in the Streets. Thomas E. Cronin, Tania Z. Cronin, Michael E. Milakovich. Indiana University Press.

Women and American Socialism. Mari Jo Buhle. University of Illinois Press.

The Washington Monthly Journalism Award

December 1981
is presented to
John Tierney
Science 82

With wit and irony, Tierney describes in his article, "Take the A-Plane: The $1 Billion Nuclear Bird That Never Flew," the inter-service rivalries and bureaucratic inertia that kept the ludicrous idea of a nuclear airplane alive for so long. He explains how the shielding required to protect crew members from radiation made the plane too heavy to fly. Even if it had flown, a crash could have left large areas of the countryside uninhabitable for years.

Not until a dozen years and a billion dollars later did the government finally cancel the project. It's a story with particular relevance for today, as the nation debates paying for expensive new weapons that might better be left on the Pentagon's drawing boards.

For more information, write:
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The Washington Monthly wishes to recognize the writers and publishers who share our purpose of trying to descibe how the political system really works, to determine why it succeeds, and why it fails, and to suggest ways in which it might be improved.

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The award for articles published in January will be announced in the April issue. Nominations will close on March 15. Nominations should be accompanied by two copies of the article or articles. Please send nominations to:

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ONE STEP AHEAD OF THE SHERIFF

The Secret Network That Gives Us Our School Superintendents

by Jerome Cramer

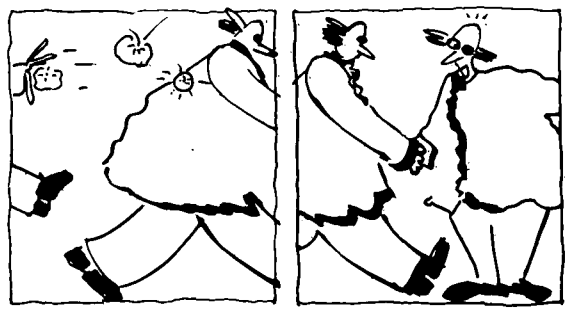
In theory, it's a vision to make you cheer. Ronald Reagan genuinely believes that his New Federalism will, by giving federal programs to states and localities, bring government "closer to the people." In reality, of course, this noble idea may take a beating. That's because changes in state and local governments in recent decades have tended to make them, as Gregg Easterbrook recently pointed out, "miniature Washingtons" (see *The Washington Monthly*, January). In other words, these governments are no closer or more accountable to the people than the federal version.

Take the way school superintendents are selected. It used to be that when a person became a superintendent of a local school system, his selection would represent the judgment of local people who had known him for 30 or 40 years. Beginning as a teacher, he would rise through increasingly responsible positions as principal of various schools, moving as far as his abilities and popularity would take him. Over the years, a very large part of the community, either as students or parents, would become familiar with him and his work. This meant that when he was finally elevated to the important position of superintendent, the selection represented the mature ripening of a local consensus—the very stuff of Ronald Reagan's dreams.

But those dreams have little to do with how school superintendents usually are chosen today. What the present system produces is the same kind of resume-building technocrats who now flit in and out of the upper reaches of business and government (e.g. the MBA in the corporation, the assistant secretary in the federal bureaucracy), always managing to keep one step ahead of the sheriff, who might expose the damage they've done by preferring their careers to the institutions they serve.

Jerome Cramer is a Washington writer.

The way this corrosive trend manifests itself is through something we might call, for lack of a better name, SAPS—the School Administrators Protective Service. SAPS is simply a version of something found today in many professions and government bureaucracies: an old boy network of past and current officials dedicated to making



money, advancing their careers, and protecting their friends, some of whom are incompetents.

To get a sense of how SAPS works, consider the story of George Carnie. Things looked bleak for Carnie in 1974. He'd just arrived as assistant principal at a junior high school in Northglenn, Colorado. Already, school officials weren't happy with him; rumors were rife that he had a year to shape up or pack up.

Then Selection Research Incorporated (SRI) walked into his life. SRI is a large, diversified education consulting firm out of Lincoln, Nebraska—sort of the LTV of the school business. In addition to sponsoring expensive workshops for school administrators on such topics as "How to Be a Successful School Leader," the firm conducts superintendent searches on behalf of paying school boards.

While working at Northglenn, Carnie took part in an SRI workshop. There he was spotted as a "potential leader." A year later he was employing his interfacing and facilitating skills as school superintendent in Worthington, Ohio—

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recommended to the school board there by none other than SRI. And just a year after that he was back in Colorado, this time as superintendent of the Colorado Springs school system. Who had recommended Carnie out of a list of five finalists it prepared for a fee of $7,200? SRI of course.

Carnie didn't forget his friends. Soon he began sending his school administrators to high-priced SRI workshops. He bought $6,000 worth of SRI educational material and ordered that all applicants for teaching and administrative positions in Colorado Springs be required to take tests developed by SRI and administered by a former SRI employee whom Carnie hired to run the program.

Whether this story has a happy ending depends on how you look at it. Parents and teachers started getting upset with Carnie; he wasn't doing anything illegal, but things were just a little—well, *cozy*. The local paper, the *Colorado Springs Sun*, ran a number of critical articles. Finally, the school board decided he had to go. Carnie's punishment? An $80,000 lump sum payment for the remainder of his contract. Today, he's said to be working somewhere out in Washington State. As for SRI, business, as usual, is brisk.

One superintendent was so bad that he snared three, three-year guaranteed contracts within a span of 12 months.

Of course when Ronald Reagan was growing up and forming his political beliefs, educational consultants were nonexistent. Superintendents not only came up through the ranks of the district, they usually stayed there until retirement. If there was anything to "consult" about, it was how to build a new gym, not get a new job.

But today community good will has been replaced in many districts by pitched political combat. School board members increasingly represent narrow community interests; one of the surest ways to get elected in some cities is to call for the superintendent's head. Not surprisingly, that makes the lifespan of a school superintendent something like that of a fruitfly.

In a large city school system the average tenure is less than two years; even in medium-sized districts five years is pushing it. As Bernard Hatch, superintendent of schools in Dayton, Ohio (by way of Williamsville, New York, and Hammond, Indiana) puts it, "A good superintendent is going to make ten percent of the community angry each year, and a bad one will get even more people upset." The prevailing wisdom in the business is that once half the people are against you, it's time to skip town.

Enter the educational consultant. School boards who go through superintendents like Diane von Furstenberg goes through evening gowns also want voters to believe their children deserve nothing short of the nation's best administrators. So consultants, for fees that generally range from $3,000 to $15,000, are hired to conduct "nationwide searches." The consultant then presents his "finds" to the school board, sometimes with a recommendation. Consulting is now the rule rather than the exception; in Texas last year, for example, 150 of the 200 districts that hired new superintendents used consultants.

Because being a superintendent is such a wretched, unappreciated job, it may seem necessary to comb the entire country in search of a qualified candidate. After all, if there's no job security, a school district should have a hard time getting anybody to come aboard, right?

Try again. Would *you* turn down a job that paid $125,000 a year—with a chauffeured car thrown in? That's what the superintendent in Chicago gets. In Los Angeles, the pay is $93,000. More important, even in mid-sized school districts a superintendent usually gets more money than the local mayor and the state's governor. Superintendents also usually get generous amounts of time off so they can do things like work as paid consultants for fellow SAPS members in other districts.

SAPScam

The way SAPS is structured, a few educational consultants ply their trade in each state. At the top of the network are the half-dozen consultants with national reputations who are viewed as kingmakers. Perhaps the most influential of these was the late Professor Harold Hunt of Harvard.

Hunt was a former school superintendent in Kansas City and Chicago who saw elementary and secondary public education emerging as a national rather than a strictly local concern. From his perch at Harvard, he believed he could shape the future of education in America by training his students to capture jobs as school superintendents in the nation's largest school systems.

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Take a Harvard student named Nolan Estes. Estes says that when he graduated, Hunt told him: "I'll get you a job, but be ready to move on to something bigger in two years." The first job was assistant superintendent in Chattanooga, Tennessee. When Hunt next called, it was with news about a job as superintendent of schools in St. Louis County, Missouri. Estes got the job. A few years later Hunt told Estes about a job with the U.S. Office of Education. "I got that job, too, and when Hunt called again it was with the news of a job in Dallas." Hunt pushed Estes for the Dallas superintendency; Estes got that one, too.

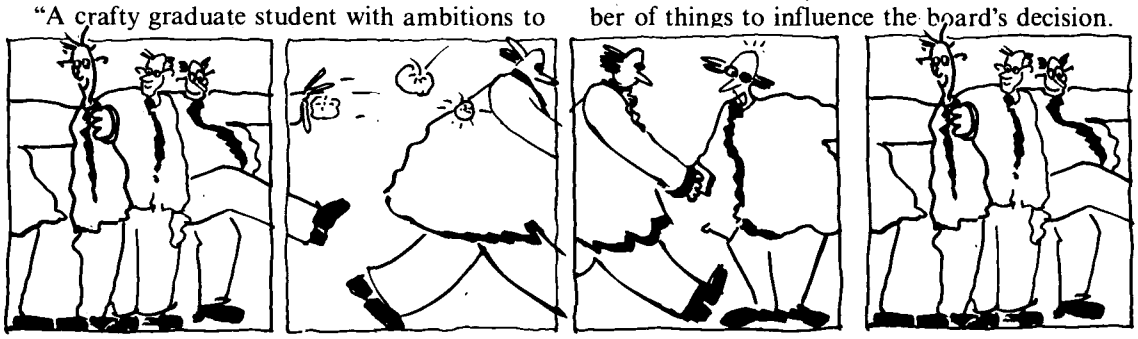
Although few consultants can simply call a school board nowadays and tell them whom to hire, the process still works effectively for the network's members. Victor Ross, associate superintendent in Aurora, Colorado, explains the normal routine:

"A crafty graduate student with ambitions to become a superintendent will latch onto a thesis adviser who also moonlights as a superintendent search consultant. Graduate schools of education, whose reputations and enrollments rise and fall depending on the kinds of jobs their graduates land, usually have someone on their staff who specializes in finding work for people. This person will be hired and paid by the university, not necessarily for his academic abilities, but for skills as an employment counselor. These professors often earn up to one half of their incomes from tax money by helping school systems find the right employees. These men attend meetings and keep an ear to the ground for job vacancies. They can help guide your career—but you've got to play the game."

The way it works is if someone from SAPS helps you land a job as principal of a large secondary school, you'd be smart to repay the favor. You do this by using your school's training budget to hire that adviser to come into the district and put on training workshops for your teachers. When you move up to become an assistant superintendent, you have an even larger budget with which to repay well-connected friends. Once you've plugged into the network, you can virtually put your career on auto-pilot.

Robert Heller, professor of education at the State University of New York at Buffalo, and a well-respected search consultant, admits that this one-hand-washing-the-other game is part of the way education works. "It's lamentable," he says, "but when my name gets published as heading up a search for a new superintendent of schools, I'll get calls from people I hardly know who ask me to come to their districts and run in-service workshops for fat fees. They usually start off the conversation by saying, 'Bob, you are the only one who can do this and I need your help.' "

Once he is hired, the consultant reviews resumes, talks to the board, and presents five or seven finalists for the board to pick from. Depending on how honest he is, the consultant can do a number of things to influence the board's decision.



Call the consultant Throttlebottom and his friend Weatherbee. At the very least, Throttlebottom can insure that Weatherbee is one of the finalists the board interviews. Throttlebottom also can help shade the odds in Weatherbee's favor. One school superintendent, who for obvious reasons prefers anonymity, describes one of several ways a consultant can help out. "Say the school board wants to interview five finalists screened by the consultant. If that consultant wants Weatherbee to land the job, he will have long, formal talks with the board about the kind of man they should be looking for. Throughout this conversation, the consultant can lead the board to believe it needs a person with the kinds of qualities and experience exhibited by Superintendent Weatherbee. Throttlebottom can then prepare Weatherbee for the interview by telling him what to say to each board member and what subjects to avoid. And to help make sure Weatherbee gets the nod, the consultant can pack the rest of the slate of candidates with people who are good, but who don't have quite the same qualities the board thinks it's looking for."

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The setup involved here isn't too hard to figure out: the consultant—who often is a former school superintendent himself—ends up representing the candidate and not the client. Even where strangers are involved, the consultant's education, training, and background is bound to make him sympathetic to the plight of the candidate rather than attuned to the needs of the school board that is paying his fee.

Given that, the quality of many of the nation's school superintendents shouldn't come as a big surprise. Even Paul Salmon, executive director of the American Association of School Administrators (AASA) admits that for all the job security the network provides, "too many bad supervisors get passed around from one district to the next."

It's a game of educational roulette. Sometimes SAPS helps a district come up with a qualified superintendent. And sometimes it can give a district a man like Johnny Jones—the superintendent who got caught putting gold faucets in his bathroom courtesy of the Miami school district. Fred Lifton, counsel for the AASA and a lawyer for several school boards, recalls one superintendent so bad that he won three three-year contracts within a span of 12 months. Not long after the first two school boards were forced to buy out his contracts to get rid of him, a consultant landed him the third job with a guaranteed contract. Unlike Dave Winfield, his batting average apparently didn't matter much to whoever hired him—nor apparently to his brokers, accountants, and investment counselors.

Or consider the Illinois district that hired a consultant who spent several expensive months compiling a list of five final candidates for the job. When he handed in his recommendations, the list was headed by the superintendent the board had just fired.

The Ignorance Pool

None of this is meant to suggest that the ranks of America's school superintendents are teeming with incompetents and thieves. Indeed, there are many dedicated, even exceptional, educational administrators. They fight a demoralizing day-to-day battle against often rotten conditions, and they sometimes even lose their jobs because they won't betray principles. For example, the school superintendent of Kanawha County, West Virginia, Ken Underwood, lost his job because he wouldn't go along with the efforts of local parents and fundamentalist preachers to ban more than 300 books from the schools.

But like any closed system, this one is too kind to its friends of doubtful ability—and too resentful of outsiders. As you might have guessed, the network has a marked affinity for white males. According to the AASA, more than 99 percent of the approximately 14,000 superintendents in America are male. This figure is particularly shocking when you consider that the large majority of workers in public education are women. What's more, the percentage of women school principals actually has declined during the past 50 years. Joan Abrams, one of the nation's few female superintendents, says that because some consultants simply don't like to include women as finalists in job searches, she has been forced to work around them. Abrams says she found her two superintendent jobs after responding to newspaper advertisements.

Blacks echo these complaints. Of the 14,000 school superintendents in the country, only about 100 are black. Traditionally blacks have become superintendents in only two situations: either in cities like Chicago or Oakland with large, politically active black communities, or in mis-managed districts that have fallen into such financial chaos that few people want the job. "Being appointed superintendent in these districts is a bit like being named captain of an ocean liner ten minutes after it's hit an iceberg," says one administrator.

Scratch a school administrator and he'll likely bleed a story about being screened out of a job search because of bad feelings between the administrator and a consultant. "Once you've crossed a consultant," says one Colorado administrator, "you can forget it. I don't even bother applying for jobs in districts where I know that consultant is working." This situation can be particularly insidious in states like Illinois and Arizona, where a very large percentage of superintendent searches in small and medium-sized communities are conducted by one or two consultants.

Of course there are still places in this country where selections are made the older, home-grown way. But they're disappearing fast. Meanwhile, the quality of education in many school districts administered by this new breed of journeyman continues to plummet. How could it be otherwise? Today's mistakes in New Mexico are tomorrow's in Kentucky and the next day's in Maine. Before long, the nation's school districts may have pooled ignorance and incompetence to such a degree that they'll need, well, consultants to get public education out of the mess it's in. Then we'll know once and for all just what to expect from the new era of local control. □

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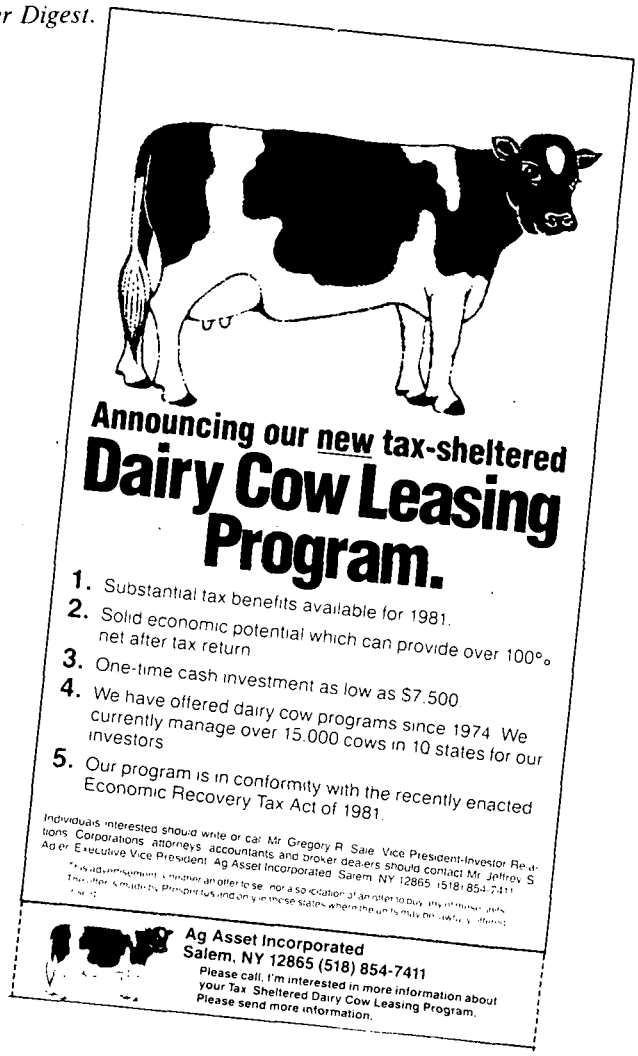
Tidbits & Outrages

Reaganomics Meets Rodeo Drive, Part V

Another in our continuing series of ads that suggest ways to use the Reagan tax cut for the highly productive investments for which it was intended. This one is from a magazine called *Tax Shelter Digest.*



The Pulitzer board was relieved to hear that at least the other states submitted by the Post were not composites

The following correction box ran in the January 15 *Washington Post:*

"An article in Wednesday's editions inaccurately reported the extent of the acreage leased by the Interior Department for oil and gas drilling in 1981. The acreage—a record amount—is a little less than twice the size of Delaware, not four times the size of Alaska."

Any more than that and the president will have to declare an air pollution alert

Justin Dart, a California multimillionaire and member of Ronald Reagan's Kitchen Cabinet, recently told *The Los Angeles Times,*

"I'm for preservation. I say we should preserve the redwoods, sure, maybe 100 acres of them, just the way God made them, to show the kids."

Reaganomics Meets Radical Chic

The Nation magazine recently ran the following ad:

"When drafting your will under the new tax law, please consider making a bequest to *The Nation.*"

That's 1-800-COC-AINE

The National Basketball Association maintains a 24-hour "hot line" that its players—who average $186,000 a year—can call for confidential counseling on drug problems. The number is toll-free.

First We Invade Poland, Then The Frozen French Fry Market

The latest hot item on the conference circuit is a seminar on "Attacking the Competition." Participants get two days of instruction ranging from "Why Attack" to "Attack," and featuring "hard, cold methods." The $650 price for the seminar does not count hotels, meals, transportation, or refreshments—but it does include a special take-home "War Manual," a copy of Clausewitz's *On War,* and a poster "Clausewitz on Marketing Warfare."

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Castro's Revenge

by Nick Nichols

On March 28, 1980, a busload of Cubans crashed through the gates of the Peruvian embassy in Havana. A Cuban embassy guard was killed. The bus riders asked for political asylum.

A minor event soon erupted into an escalating war of diplomatic one-upmanship. Fidel Castro realized the incident offered him an opportunity to rid his country of dissatisfied citizens. With his encouragement, almost 10,000 Cubans streamed into the Peruvian embassy seeking asylum, after which President Jimmy Carter announced that the U.S. would welcome many of those who wished to escape the harsh political and economic brutalities of Cuban life. Angered by Carter's criticisms, Castro decided to give him more than he'd bargained for.

In the next six months, the Mariel boatlift—also known as the Freedom Flotilla—delivered more than 120,000 Cubans to our shores. Unfortunately those boats included more than just Cuba's tired, its poor, and its huddled masses yearning to be free; many were former inmates of its prisons and mental institutions.

For me, the Mariel boatlift meant a job—as a U.S. government spokesman trying to rationalize the incompetent and contradictory policies that have planted what amounts to a human time bomb in our midst. The effects already are being felt. The sad fact is that the boat lift has brought violent death to dozens of people. Thousands of other crimes have been committed by refugees in communities across the nation, including sexual assaults, robberies, and airline piracy. The first successful hijacking in the U.S. in seven months occurred in January when a Mariel arrival decided he didn't like his accommodations and diverted an Air Florida jet back home to Cuba.

Have you visited Miami recently? In 1981 the city experienced 226 murders. Seventy-two of the offenders had arrived on the Freedom Flotilla. That's *one-third* of all Miami's apprehended killers. During 1979 Miami experienced 3,390 robberies; in 1980 that number jumped to 6,904. "I've been through two wars, and no combat zone I was in was as dangerous as Dade County at High Noon," former county commissioner Arthur Patten recently told *The New York Times.*

The point is not that the refugees never should have been admitted. Thousands of Cubans were given a chance to reunite with loved ones who'd fled to America after Castro's revolution. For the majority of them, the boatlift simply meant an opportunity to begin life anew—something refugees always have sought in America.

But that's no excuse for a botched job, which this certainly was. The government *still* doesn't know how many future American criminals arrived with the boatlift. An unpublished report prepared by the federal Office of Refugee Resettlement found that 24,000 refugees have admitted to spending more than 15 days in Cuban prisons. Private estimates by government officials range as high as 40,000 to 50,000.

Many of those who admitted incarceration doubtless had been convicted of petty crimes or anti-Castro political activities. What powerful investigative tool did the United States possess to separate these innocents from the truly dangerous? The government simply asked them if they'd spent any time in Cuban jails. Since a "yes" answer could mean exchanging one prison or mental institution for another in the U.S., you can imagine the response. In fact, since people are more likely to confess to smaller crimes, the government hauled off to jail some refugees who'd committed minor political offenses back home, while thieves and murderers went free.

The weakness of this technique soon became quite obvious, even to government officials. After resettling 60,000 refugees in southern Florida, the government decided to send the remaining 60,000 to one of four "resettlement centers" established by the Federal Emergency Management Agency

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(FEMA) while their histories were investigated. About 2,000 Cubans ultimately were transferred from these centers to federal prisons and a few hundred to mental institutions. Spokesmen for the government repeatedly have used the 2,000 figure to assure the public that the government did its job in ferreting out Castro's criminals. In truth, the number of criminals who went free is probably at least ten times that, as government officials had reason to suspect.

And this is where I came in. In July 1980 I arrived at the Cuban Resettlement Center at Fort McCoy, Wisconsin. For the next three months I served as the federal government's media spokesman there. That experience and recent interviews with law enforcement officials throughout the country have left little doubt that Castro has wreaked a brutal revenge on this country—and that he did it with the unwitting help of none other than the U.S. government.

Settling In

The first day on the job, my predecessor and I jumped into his government-rented Oldsmobile, where he immediately told me there were certain things I could talk to reporters about and certain things "best left unsaid." We then entered a compound, the likes of which I had not seen since my duty in Southeast Asia. Pre-World War II barracks were surrounded by chain-link fencing, some of it topped with barbed wire. Inside the fence were the Cubans, mostly males, running around in rubber thong sandals. On the other side were fully outfitted army troops, some on foot, others driving around in jeeps. "These must be the former prisoners," I remember thinking. "Why else would so many army troops be keeping such a close eye on a few Cubans in rubber thongs?"

The tour continued as we turned onto a sand road and headed for the 800 compound, which served as a prisoner-of-war stockade during World War II. Four wooden towers at each corner were connected by 12-foot-high barbed-wire fences. There were no buildings in the compound, only a couple of old canvas army tents. Set off to the sides were the "water buffalos," huge barrels of water on sawhorses. They served a purpose beyond holding water—they held Cubans. The refugees in the 800 compound were shackled to the water buffaloes when they misbehaved, and they misbehaved often.

Run by an understaffed detail of INS agents, the 800 compound was a holding facility for Cubans destined for federal correctional institutions. The people imprisoned in the compound were the meanest of the mean. One evening in September they became unruly and were beaten back by INS guards. To prevent further bloodshed, one tough doctor I knew waded into the melee armed with syringes filled with Thorazine and Benadryl to drug the Cubans into submission.

The 800 compound graphically illustrated the U.S. government's two major—and contradictory—reasons for establishing the Fort McCoy resettlement center. The camps allowed the government to do a better job of identifying dangerous refugees and isolating them from the community. The second purpose was to encourage private citizens to sponsor the Cubans, thereby taking them off the government's hands. As my predecessor drove past the storefronts of volunteer agencies responsible for finding sponsors for the fenced-in refugees I'd earlier mistaken for prisoners, he proclaimed that my sole responsibility as camp spokesman was to maintain a positive media image for the refugees.

The image already was tarnished when I arrived. There had been widespread news coverage of a riot at the Fort Indiantown Gap resettlement center in Pennsylvania, not to mention several stories on the Cuban homosexual community. As a result, the number of sponsorships had plummeted.

What happened within a month after my arrival certainly didn't help. Around 2 a.m. on August 14 I received a call at my motel room in town informing me of an "incident" that had occurred in the compound. After being assured all was now quiet, I called my military counterpart at Fort McCoy to check it out. He called back to say that while the incident was more serious than initially reported, it could wait until morning.

Arriving at McCoy later that morning, I was informed that "Washington" agreed that a statement should be released with the understanding that refugees who didn't participate in the incident should be protected. Here is the first paragraph of the statement that was approved and released to the news media:

"A number of unrelated incidents of different varieties occurred within the refugee compound at Fort McCoy beginning at approximately 10:30 p.m. (August 13, 1980). The incidents, involving scuffles among individual refugees, were witnessed by small groups of onlookers. Twenty refugees who participated in the various incidents were injured during the scuffles. Their injuries vary from stab wounds to lacerations and bruises. One refugee remains in serious condition at La-Crosse Lutheran Hospital."

Several days after media interest subsided, the true nature of the incident became clearer. What

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WIDE WORLD PHOTOS

actually occurred in the early morning hours of August 14 was a full-scale, four-alarm, highly dangerous riot. At least 65 refugees were stabbed; two federal marshals, one FBI agent, and a military policeman were injured; and two suspected acts of arson took place before calm was restored. As far as I know, no one who participated in the riot was even charged with an offense.

From July 1980 to December 1981, Cuban boatpeople have been charged with 437 felonies and 389 serious misdemeanors in New York City alone.

Following the mid-August disturbance, violence became a daily event at Fort McCoy. There were scores of stabbings, constant rumors of sexual assaults, at least one homicide, and a few cases of arson. Meanwhile, the sponsorship machine continued to send Cubans into our communities, and we continued to try to protect the refugees' image. It was about this time that Bernice Taylor of nearby Tomah, Wisconsin, was killed by a young Cuban refugee she had sponsored in her home.

Boosting Crime Imports

The violence I saw at Fort McCoy was at least confined by fences. But what I'd also seen—government bungling and a too-eager desire to pawn the refugees off on unsuspecting communities—made it inevitable that far too much of this violence would leak out onto the streets of America.

And that's actually what has happened. Reminded of the federal government's official statement that 2,000 Cuban criminals are now safely behind bars, Bill Flack, an assistant district attorney for the Bronx, says, "Just in the tri-state area alone [New York, New Jersey, and Pennsylvania], we know we have at least 2,000 varying arrests of different Cuban boatpeople." Flack is currently prosecuting four Cubans charged with killing a New York City police lieutenant during an attempted robbery. In 1981 nine Cuban refugees were arrested on charges of homicide in the Bronx alone.

Flack's boss, Bronx County District Attorney Mario Merola, says Cubans from the Freedom Flotilla have congregated in the Bronx's 44th precinct. "As a result of their activities, that precinct in 1981 became the murder capital of the world," he claims. Criminal conduct by Cuban refugees became so bad the New York City police department created a special task force that includes New Jersey and Pennsylvania authorities. The task force has met with federal law enforcement agencies to seek solutions to the

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crime wave. According to Merola, however, Washington has been of little help.

Merola and other law enforcement officials in New York sensed early on that the new Cuban refugees posed some unexpected problems. One official, who refuses to be named, says that within the first ten days of the Freedom Flotilla, New York police arrested a 71-year-old refugee carrying a loaded .38-caliber pistol and one-eighth ounce of cocaine in the middle of Harlem. From July 1980 through December 1981, Cuban boatpeople have been arrested and charged with committing 437 felonies and 389 serious misdemeanors in New York City alone.

Smaller communities have not been immune to Castro's revenge. Authorities in the Tampa, Florida area are prosecuting five Cuban refugees for the murder of a police officer. Hudson County, New Jersey reports that refugees there have been charged with 18 homicides. In Madison, Wisconsin, about 90 miles south of the now-closed Fort McCoy Resettlement Center, 203 incidents involving 150 refugees occurred during a 12-month period. Those incidents included two homicides, seven sexual assaults, four armed robberies, 22 batteries, and 22 weapons offenses, as well as other crimes. Authorities in Harrisburg, Pennsylvania—20 miles away from the Indiantown Gap Resettlement Center—report three homicides involving Cubans since July 15, 1981. Nine refugees have been arrested there on charges ranging from firearms robbery to a stolen auto during the first three weeks of 1982. Harrisburg authorities also have noted a disturbing trend among the Cubans committing the crimes. According to mayoral executive assistant Frank De Garcia, the refugees show an unusual fondness for .45-caliber automatic pistols. "The crimes we are observing are violent crimes, and the peculiar thing of it is the type of weapon. . . . They have a specific taste for automatic weapons. They know what they're doing with them."

Perhaps even more disturbing than the information available from community law enforcement authorities is the absence of information available from the Immigration and Naturalization Service. When asked about the number of crimes committed by Cuban boatpeople, an investigator in the INS eastern regional office says, "There is no central data base. Each individual district office receives reports from various law enforcement agencies." Local law enforcement officials, however, seem unaware of any requirement to notify the INS of crimes committed by Cuban refugees. This fact is acknowledged by the investigator who says the agency "used to place people in courtrooms to monitor crimes by aliens but can no longer do so because of budget cuts." If there's a significant national crime wave under way involving Cuban aliens, the Immigration and Naturalization Service may be the last to know.

Potato Caliente

I finally left "Fuerte" McCoy on October 6, 1980. A chilly autumn had arrived, and it had dawned on the Cuban Haitian Task Force—which had taken over FEMA's responsibilities—that the winter months would be a little rough on the refugees in the Fort's uninsulated facilities.

We were told to prepare the remaining refugees for a flight south to another resettlement center at Fort Chaffee, Arkansas. Washington called the move to Arkansas "consolidation"; Arkansas governor Bill Clinton had other, less pleasantly euphemistic words for it. Clinton finally got President Carter to agree that the feds at Fort McCoy wouldn't send mental patients or what the governor called "hard-core troublemakers."

Given the situation, that was a tall order. But we went to work. Clinton sent a delegation of his aides to McCoy, and we assured them we'd round up every "hard-core troublemaker" in the Fort and make sure they didn't get on that southbound plane. As for the mental patients, preliminary assessments by the Department of Health and Human Services indicated a population of nearly 900 of them at the Fort.

When consolidation week finally arrived, two infantry battalions and a military police battalion —1,600 soldiers—were providing security for the 3,236 refugees scheduled for the trip to Arkansas. I wondered what Governor Clinton thought those soldiers were doing with all those non-hard-core troublemakers, some of whom had to be drugged into submission just to board the 707s. I also wondered why fewer than 70 mental patients remained at Fort McCoy to be transferred to St. Elizabeth's psychiatric hospital in Washington, D.C. The other 800-plus must have gone south. Like Castro, we'd found it much easier to pass the problem on to someone else.

In retrospect, I cannot help but think about all the damage the Mariel boatlift has done—to the pre-1980 Cuban community in this country; to the thousands of honest, well-intentioned Cubans who braved the trip to America; and to all the future refugees who might wish to emigrate to our shores but will be unable to because we have closed our open arms. Most of all, I think about the Bernice Taylors of the past and future: all victims of Castro's unique brand of terrorism, and our government's unique brand of incompetence. □

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WHO'S WHO in the Administration

In an administration that already boasts such men of integrity as **Raymond Donovan, William Casey,** and **Maurice Stans,** it's only fitting that our new national security adviser, **William Clark,** seek the services of a man who cheats when he plays the stock market. According to *The Washington Post,* Clark wants **Thomas C. Reed,** a former secretary of the air force, to be a permanent member of his staff. The only problem is that a couple of months ago the Securities and Exchange Commission forced Reed to repay $427,000 he had made in an hour and 23 minutes of stock option work last year. According to the SEC, Reed called his father, a board member of AMAX Corporation, at 8:13 a.m. on March 4, 1981, and learned of an impending takeover bid by Standard Oil of California. After pausing a few moments, presumably for breakfast, he called his broker and placed an order for $3,125 worth of options. Two days later the stock rose by $19 a share on the New York Stock Exchange and Reed was a rich(er) man. This is the kind of thing Reagan clearly has in mind when he talks about strengthening the American family. . . .

How about that scuffling over on the right, huh? Just a year ago, the far starboard side of the Republican party was very unhappy with the appointment of "retreads" like **Caspar Weinberger** as secretary of defense and **Frank Carlucci** as his deputy. The only thing that made the superhawks feel a little better was the appointment of hard-headed **Al Haig** over at State. Now the tables have turned, and it's Weinberger who looks to them like the Reaganaut and Haig like the pansy detentist. Instead of thinking about it in those terms, the combatants might look at it more bureaucratically. It doesn't take a Heritage Foundation membership to know that the career people at the Pentagon are saber-rattlers and the career people at the State Department are equivocators. Presidents have always perceived the departments this way, and the secretaries, responding to what they see as the expectations of the president, thus conform to the contours of their respective departments. This is especially true in the cases of Haig and Weinberger, who both think far more bureaucratically than ideologically. . . .

We reported as early as last June that **Martin Anderson,** head of the White House policy office, had been frozen out of important decision-making. Now, of course, he's packing his bags. A sure-fire way to tell who's in and who's out is to keep track of the participants at crucial meetings. One such little-publicized summit was held last month at Camp David to discuss how to restore Reagan's prestige and popularity. The participants, in addition to the Big Three, were **Bill Brock, David Gergen, Richard Darman, Craig Fuller, Rich Williamson, Ed Rollins, Jim Jenkins, Larry Speakes,** and **Joe Canzeri** (who has been to his last such meeting—see below). . . .

In

WHITE HOUSE

Assistant to the President for Policy Development—**Edwin L. Harper** has been deputy director of the Office of Management and Budget.

Deputy Assistant to the President for National Security Affairs—**Robert C. McFarlane** has been counselor to the State Department.

Press Secretary to the National Security Advisor—**Jeremiah O'Leary,** a former reporter for the *Washington Star*, has most recently been special assistant to former deputy secretary of state William Clark.

Special Assistant to the National Security Advisor—**Richard C. Morris** has been executive assistant to William Clark at the State Department.

Deputy Assistant to the President for Political Affairs—**Lee Atwater** has been a special assistant to the president for political affairs.

STATE

Undersecretary of State for Economic Affairs—**Robert D. Hormats** has been assistant secretary for economic affairs.

Ambassador to Nicaragua—**Anthony Cecil Eden Quainton** is a career foreign service officer.

SMALL BUSINESS ADMINISTRATION

Administrator—**James Sanders,** a former San Francisco insurance broker, has been an associate administrator of the agency.

Out

WHITE HOUSE

Assistant to the President for Policy Development—**Martin C. Anderson** has resigned to return to the Hoover Institution.

Deputy Assistant to the President—**Joseph Canzeri** resigned after *The New York Times* reported he received a special low-interest loan on his home.

TREASURY

Assistant Secretary for Economic Policy—**Paul Craig Roberts** has returned to Georgetown University.

STATE

Ambassador to Nicaragua—**Lawrence Pezzullo** resigned in January.

SMALL BUSINESS ADMINISTRATION

Administrator—**Michael Cardenas** has resigned at the request of the White House.

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How Congress Spoils Small Business

by Bill Keller

As any connoisseur of political science stereotypes knows, business comes in two sizes. There is Big Business, the corporate Goliaths who bribe and collude with foreign potentates, manipulate and corrupt the American government, degrade the environment, and generally conspire to victimize an innocent public. You find Big Business posing (top hat, cigar, expense-account belly) for Herblock cartoons.

Then there is Small Business, the feisty, mom-and-pop entrepreneur, risking and innovating his way to a profit despite all the obstacles Big Business and Big Government fling in his path. He can be found, these days, posing with every politician who can crowd into the picture.

Anyone who doubts that Small Business is the shrine where Congress genuflects today need only eavesdrop in the halls of Capitol Hill when lobby groups release their year-end ratings of the lawmakers. The scorecards from the Chamber of Commerce or the AFL-CIO arrive to a chorus of yawns; but lawmakers have been known to search frantically for a last-minute vote that might boost their rankings on a more obscure scorecard—the one compiled by the National Federation of Independent Business (NFIB), the hired spokesman for half a million small businessmen. A high NFIB score brings the promise of a campaign contribution, a pewter Minuteman figurine to display proudly on the office mantel, and, most important, the cachet of being declared a "guardian of Small Business."

Or skim the list of bills introduced so far in the 97th Congress. You will find 105 of them with the magic words "Small Business" in the title, including measures to cut the small businessman's taxes, reduce his paperwork, increase his share of government contracts, float him a loan, pay his court costs in certain lawsuits, give him a representative on the Federal Reserve Board, and name a week for him. (May 10-16, in case you care to celebrate.)

In that stack of bills you will find S. 881, the Small Business Innovation Research Act.

By now you have probably guessed that, with a title like that, a bill legalizing pre-school buggery would stand a pretty good chance. Sure enough, S. 881 passed the Senate in December 90-0, a margin that suggests no one bothered to look at it very closely. It passed the House Small Business Committee 40-0 and is poised for final passage.

The bill orders that every federal agency with a substantial budget ($100 million a year) for research and development must set aside a piece of that money for Small Business. S. 881 would reserve one percent for small companies; the House version would set aside three percent. Lobbyists for the small companies say they hope eventually for 25 percent. "If we get the legislation in, we can always come back and adjust it later," explained NFIB lobbyist John Motley.

The rationale is straightforward. While small companies are the best source of new ideas, federal research bureaucrats prefer to buy their brainpower from the laboratories of the stodgy corporate giants. Thanks to this typical, play-it-safe bureaucratic mentality (the theory goes), the government passes up a crack at the cleverest new inventions, and neglects its obligations to help launch new small innovators into the nation's economy.

The Small Business Innovation Research program would work like this. Say the U.S. Bureau of Lobotomies is searching for new

Bill Keller is a Washington writer.

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ILLUSTRATION BY RAY DRIVER

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developments in laser surgery. BOL's director of R&D is about to issue a request for proposals from his cronies in the lobotomy-industrial complex when he suddenly remembers: Congress has ordered him to spend a few million on small companies, and he is way below his quota. He drafts his request with a note that only small companies need apply. ("Small" may mean a lone inventor huddled in some dank basement laboratory. While sponsors of S. 881 give the impression that's who they have in mind, the bill actually applies to companies with up to 1,000 employees.)

So 50 small companies write up their ideas for an improved laser scalpel, and the BOL staff sorts through them for plausible technological breakthroughs. Ten sound promising. Each of those companies gets a grant of up to $50,000 to do a feasibility study. The BOL staff studies the results and picks, say, five innovators for "phase two" grants of up to $500,000. The companies can then build some prototype lasers and buy all the monkey frontal lobes they need for demonstration purposes. Finally, if all goes well, the inventor can use his prototype to attract private capital to continue his work, since sponsors stress that the objective is to find commercial ideas.

Everyone wins. The bureau has a tool for better lobotomies, and another small businessman is on his way to realizing every small businessman's dream: to become a filthy rich Big Businessman.

Perhaps you are saying, "Maybe this is a swell idea, but it doesn't sound like the sort of up-by-your-bootstraps philosophy currently in vogue. This sounds like the sort of do-gooder program Ted Kennedy might dream up."

Right you are. The Small Business Innovation Research program had its origins in a small pilot program at the National Science Foundation, designed by Kennedy and lobbyists for the Smaller Business Association of New England in the Democratic days of 1975.

But it fell to freshman Senator Warren Rudman of New Hampshire to expand the idea government-wide. Rudman may be a Republican, but he is also chairman of the innovation and technology subcommittee of the Senate Small Business Committee, and he is not about to let that seat go to waste.

The Set-Aside Setup

The Small Business Innovation Research bill is the latest addition to a genre that includes set-asides of public procurement for minority small businesses, small timber companies, small custodial firms, and so forth.

But while they have kept the small business committees busy and the lobbyists pacified, there is considerable question whether set-asides have been good for the government, or more interestingly, for the companies that get them.

For one thing, set-asides tend to cost the taxpayers more than open competition. They are usually noncompetitive, "sole-source" contracts, or, when there is competition, the field of contenders is greatly narrowed.

The General Services Administration, Uncle Sam's landlord, has for several years had many of its buildings cleaned under another small business set-aside, this one for minorities. The building bosses call up the Small Business Administration, which not only lines up the minority contractor but even negotiates the price on his behalf. SBA drives a hard bargain for its clients. Office cleaning by set-aside costs an average of $1.03 per square foot, 25 cents more than contracts let competitively. General Accounting Office studies of timber and public works set-asides have drawn similar conclusions.

Then there is the perennial and well-documented problem of outright—and not-so-outright—fraud. SBA investigators have disclosed numerous cases of white businessmen who, lured by the scent of lucrative minority set-asides, have hired black or Latin figureheads. Yesterday he was the janitor; today he still sweeps the lobby, but they call him the president. In 1979, the last time SBA's fraud patrol rummaged through the minority set-aside files, they challenged the eligibility of more than one firm out of every five they studied.

There are also legal, or borderline legal, ways of mining the set-aside mother lode. A small minority firm will skim a profit and then subcontract its deals out to someone else. SBA calls the minority firm a "broker." (After universities raised alarms about S. 881 cutting into their basic research grants, sponsors of the bill assured them not to worry: small research companies will be encouraged to share their largesse with university labs on a subcontract.) Or an entrepreneur will create a firm solely to milk the federal procurement dollar, with no intention of ever going commercial. Interstate 495 ringing Washington is lined with government service companies—many of them legitimate, but many others aptly known as Beltway Bandits.

In the small business timber sales program, companies that threaten to outgrow the eligibility level of 500 employees often qualify simply by

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One Small Business Administration official recently said of his job, "We can take a good business and ruin it with the set-aside program."

getting smaller. A recent GAO investigation found that mills and logging firms in the Northwest have subcontracted out a lot of their work or have actually gone through partial divestiture so they can continue to play in the little league. As the General Accounting Office observed, in its customary hard-hitting style, "Although such activities are not illegal, they seem oddly at variance with SBA's stated size standards policy."

Set-aside programs have generated enough GAO reports, congressional hearings, inspectors-general investigations, and newspaper exposes to stock a small library, yet the abuses continue. Partly that is because the notion of policing these contracts is in direct conflict with a higher mandate: spend the money, meet the quota. (The operative verb in S. 881 is ". . . shall expend. . . .") And partly it is because internal investigators, peer reviewers, and auditors have their hands full just assuring that the government isn't fleeced on the *big* contracts.

In case you think the Small Business Innovation Research program will be different, the subject of audits comes up only once in the Senate report on the legislation, and that mention is not terribly reassuring. After deputizing the federal Office of Science and Technology Policy to watch over the program, it says,"The Committee does not intend that OSTP actually audit agencies. . . but rather that it review the reports on SBIR programs submitted by the agencies." OSTP's main policing function is to ensure "compliance with the expenditure of funds."

Okay, isn't a little spillage worthwhile if the program will invigorate the creative, high-tech entrepreneurs who are the one remaining bright spot in American business? Maybe so. But experience suggests the set-asides often have just the opposite effect—they help companies that don't need it, and have a debilitating effect on the ability of others to compete in the real world.

The Stifle Business Administration

Consider one unusually grim but revealing bit of history.

Robert L. Singleton was a black building contractor in Jacksonville, Florida, with 30 years' experience and a solid reputation. The SBA regional office in Atlanta, pressed to meet its goals under the minority small business program, approached Singleton with an ambitious project—a $2.5 million job building an air traffic control tower at a Florida airport.

Singleton had never tackled a job worth more than $250,000, and his specialty was simple concrete block. But the SBA had money to unload (". . . shall expend. . ."). It promised him a ten-percent profit and plenty of help putting the project together.

Before Singleton had started on that project, the regional office had another assignment for him—$2.2 million, this time for coast guard housing. Singleton balked, but nobody balks for long at the prospect of that kind of money. The SBA matched up Singleton with some subcontractors he'd never met before, and when he had trouble estimating the costs of materials or subcontracts, SBA estimated for him. But Singleton was in way over his head.

By the time Senator Lawton Chiles grilled him at a Senate hearing in 1977, Singleton was in debt, had liens against his property, and could not get bonded for commercial work. He has since quit the business and retired.

"You wouldn't have done that with your own business, would you?" Chiles asked of the way the set-aside project was handled.

"No sir, no way, under no circumstances," Singleton agreed.

Singleton may be atypical—according to an investigator who worked on the Chiles hearings, less scrupulous contractors, faced with contracts they can't handle, will just skim their profits and quietly turn over the deal to a big, ineligible firm—but the general problem of businesses on a force-fed diet of federal money is more widespread.

The most insidious effect of a set-aside is that it encourages potentially competitive companies to become wards of the state. The minority small business set-aside, known as the 8(a) program, was set up to put disadvantaged entrepreneurs on their feet so they had a fighting chance in a hostile world. But it seems to succeed best at teaching companies to be grantsmen while they forget how

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to be businessmen.

The whole aim of set-asides is to get the businesses on their feet, but of the 4,958 companies that have received grants from the program, only 166 have "graduated" into competitive business. That's a success rate of a mere three percent. Most of these businesses linger on for years, soaking up federal contracts and forgetting how to fight for commercial work.

Local SBA officials have repeatedly told investigators of 8(a) dependents who get so many of these non-competitive contracts they don't have time to solicit commercial work. On the contrary, they'll often drop the commercial work, which may pay a three- or four-percent profit, and keep the government work, which pays 15 to 20 percent.

In some cases the government ends up bribing small companies with one last, unusually fat, contract to wean them off of the federal teat. An Atlanta SBA administrator described this as "a graduation gift." But the bureaucrat who is obliged to meet goals for money passed out (". . . shall expend. . .") has little incentive to cut companies loose. Having a qualified firm already in the Rolodex is easier than searching out a promising newcomer.

The 8(a) set-aside undoubtedly has its success stories—if success means minority businessmen who now make money.

One such success story is Fletcher and Sons of Philadelphia, a building contractor that has found the perfect refuge from the stormy construction economy. Fletcher and Sons, which has been in the 8(a) program more than eight years, has received $32 million in contracts. The regional office has made three attempts to "graduate" the company, including a $2 million parting contract to "strengthen its competitive position as it enters the post-8(a) phase." But the company is still in the program because the SBA regional office can't find a comparably large minority-run contractor to help meet its yearly quota.

AMEX Systems, Inc., an aerospace parts firm in Hawthorne, California, is another success story. Manuel Caldera started his firm about 11 years ago (he named it for his set-aside qualification—"American Mexican"), and the following year applied for an 8(a) contract of about $200,000. The SBA told him this contract would be his entree to the private aerospace market, and a few months later a local SBA official sent him a letter congratulating him on his graduation.

But AMEX is still on campus. In the ten years since then, AMEX has collected another 98 set-aside contracts totaling *$96 million*. The government has spent another million dollars on "business development expenses."

The most insidious effect of a set-aside is that it encourages potentially competitive companies to become wards of the state.

Caldera has successfully avoided what he calls "the specter of graduation" by lobbying hard up and down the ranks of SBA. Of course SBA did not take much persuading; a company like AMEX is indispensable to the bureaucrat with an 8(a) quota to fill each year.

Caldera is looking forward to the Small Business Innovation Research program with relish. As he sees it, set-asides are an opportunity to get minorities "into the mainstream." After all, he says, the big guys win their sole-source grants by hiring former admirals and using the crony system. "8(a) is a poor man's sole-source program," he says. (Poor? After $96 million?)

On the other hand, if the measure of success is whether 8(a) has equipped small companies for the open market, AMEX is a dubious advertisement for the program. After ten years, Caldera still relies on set-asides for 70 percent of his business. He says that if SBA graduates him now, "it would be like dropping me off a cliff."

A new SBA rule will require 8(a) firms to graduate in five years, but Caldera and other program participants expect to fight it. The proposed Small Business Innovation Research program, by the way, sets no such limit.

In a recent magazine interview, one SBA regional official summed up what happens to a healthy businessman after a few years on a set-aside diet. "He doesn't know the commercial business any more; all the contractors he dealt with before have moved on. He's lost the attitude of 'I have a business to build' and instead reverts to a job mentality." In short, he said, "we can take a good business and ruin it with the 8(a) program."

That's bad enough when it happens to a con-

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struction firm or a custodial service. Now S.881 offers the government an opportunity to introduce bloat and dependency into the last corner of productive American industry: the small, high-tech companies.

In Congress, any such misgivings have been largely drowned out in a chorus of small business solidarity. As Rep. John J. LaFalce put it, chiding an errant witness at hearings in his small-business subcommittee, "but the bottom line is you are either for the small-business community or you are against them."

Ironically, one dissenting voice in this choir has been a lobby group for whom the program seems tailor-made, the American Electronics Association. In addition to such Goliaths as Xerox, Lockheed, Hewlett-Packard, and Litton Industries, AEA represents the smaller workshops of the Silicon Valley. (About 80 percent of the association's members would qualify for the Small Business Innovation Research program.) Sponsors of S. 881 have repeatedly cited the association's members and data as evidence that small companies are deserving of this new set-aside.

AEA kept its mouth shut as the bill sailed through the Senate and began a similar slide through the House. "I don't believe in throwing rocks at other people's pet projects," said AEA's lobbyist, Ken Hagerty. But at some point, it dawned on Hagerty that if everyone *thought* AEA supported this bill, the next time he went to Congress asking a favor, they would all say, "But we just gave."

So in late January AEA sent two of its members to testify against the legislation in the House Science and Technology Committee, where their remarks sank like a stone. The AEA witnesses made three points worth dredging back to the surface.

First, small entrepreneurs in high-tech are doing okay, thanks. Tax law changes and an economy that encourages speculation have made lots of private venture capital available for researchers with credible credentials and good ideas. Moreover, contrary to the claims of set-aside advocates, small firms already get a fair share of government R&D money, once you figure in the amount that trickles down from big companies to small ones through subcontracts.

Second, small innovators who have put themselves at risk, usually by borrowing or selling stock, are invariably going to spend more carefully and wisely than a civil servant project manager whose mandate is to shovel out a quota of grants. (Just in case you thought their interest was purely altruistic, AEA believes this risk should be rewarded with bigger tax breaks after a new enterprise becomes profitable.)

And third, the main obstacle to a small businessman competing for government's dollar is that the procurement system is a puzzle of preferences, exemptions, and red tape. Such as set-asides. "The set-aside mentality has to stop at some point," says Hagerty. "Otherwise the pie will get cut up into so many pieces that the only way of getting a government contract will be to hire a lobbyist and get your own set-aside."

The ingrate AEA is now treated in the small business committees, as Hagerty puts it, "like the guest who peed in the punch." One House staffer, asked about their complaints, snarled that AEA was "a bunch of ideological sons of bitches . . . supply-side economics and all that crap."

Come to think of it, this *is* the sort of legislation that should set off ideological alarm bells in the Reagan administration, which opposes quotas in any guise and preaches the virtues of self-sufficiency.

Indeed, last September the White House sent its troops up to tell the House Small Business Committee just that. "There is no evidence to indicate that small business innovation can be successfully stimulated to any substantial degree by means of a large, rigid, uniform federal program," said Dennis Prager of the White House Office of Science and Technology. Free markets, without government subsidies or interference, were "fundamental to President Reagan's economic philosophy," he pointed out.

Prager's statement held up for 21 days. Then Rudman began brandishing a letter from President Reagan, endorsing the bill and noting, "I congratulate you for the leadership you have shown in advancing the interests of those small businesses which are the job-producing lifeblood of our economy."

Another convert to Small Business orthodoxy? Rudman says yes. He and the White House explain that Rudman met with the president and made him appreciate the downtrodden condition of small business.

Another version, from a source with firsthand knowledge of the decision, said Reagan had a different kind of business in mind—clinching Rudman's support for the sale of AWACs aircraft to Saudi Arabia. Rudman announced he would support the sale shortly after he got Reagan's letter.

Or it may simply be that Reagan found Rudman's list of 86 Senate co-sponsors persuasive. Reagan has spent some time on the ranch. He knows a sacred cow when he sees one. □

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Taking the Sheiks For a Ride

by James M. Whitmire

It was one of those financial developments destined to set off anxiety attacks—even panic—among the populace. In early October, former President Gerald Ford and the other directors of Santa Fe Corporation unanimously yielded to a $2.5 billion takeover by Kuwait. Where would it end? Were the Fortune 500 going the way of Beverly Hills?

Two days after the sale of Santa Fe, The Wall Street Journal *reacted with a startling report that Arab investments in the United States had vaulted to an estimated $200 billion and were accelerating. According to the* Journal, *that $200 billion figure was "anywhere from two to four times what [the Arabs] had invested a few years ago."*

*This is a striking trend all right, and in a perfect world we would all be working to make sure that America stayed American-owned, and that this foreign threat retreated somewhere into the desert with Ozymandias. But given the international world order we're stuck with, it makes sense to look a little closer and find out just how serious a threat Arab investment really is. In truth, this invasion might not be a threat at all, but an opportunity—a chance for the United States to conquer at last its OPEC nemesis. Indeed, what all the investment really does is provide a strategy for forcing the Arabs to look after vital interests—*our *vital interests.*

To understand why that's so, let's look at an analogous situation involving international trade. In the early 1970s, economic difficulties forced Soviet bloc countries to enter Western credit markets on a large scale. Western bankers responded with a massive investment blitz. Just as Arab investments in the U.S. have multiplied several-fold in the last few years, Western investments in the Soviet bloc skyrocketed from less than $10 billion in the early 1970s to $18 billion in 1974, $48 billion in 1977, and $70 billion by the end of 1980.

As the influx of Western investments accelerated, conservative communists protested bitterly that in return for the quick fix of Western technology and capital, the Soviet bloc was jeopardizing its independence. Not only would the capitalist financiers corrupt the bloc's Marxist purity, complained the hardliners, but the bankers would gain influence and eventual control over the East European economies.

The hardliners' fears turned out to be unfounded, for they failed to take into account a critical paradox of international investment—a paradox that opponents of Arab investment in the United States should note. The paradox is encapsuled in a banker's folk wisdom: "Make a small loan and you have created a debtor. Make a large loan and you have created a partner." In other words, a very large debtor has enormous leverage over a creditor, for he can undermine or destroy his creditor by defaulting.

True to this maxim, investments by Western banks in the Soviet bloc eventually reached a

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critical mass at which leverage shifted from the bankers to their communist debtors. And as East European economies turned sour by the late 1970s and further investments became unwise, the bankers suddenly found themselves deeply dependent on America's adversaries. The clearest illustration of this financial undertow is offered by the ongoing Polish crisis. Despite Poland's near-bankruptcy, Western banks have felt compelled to extend huge new loans in order to prop up their debtor/partner and prevent a massive default that could jeopardize the Western financial system. The result, as I wrote in this magazine in June 1980, is that Moscow now has a big, new secret weapon—courtesy of the West.

Fortunately, the lessons we have learned from this dismal entanglement of Western banks in Eastern Europe are directly relevant to the expanding Arab investment offensive in the United States. The paradoxical folk wisdom again applies—only with a slight twist: "Make a small investment and you have acquired an asset. Make a huge investment and you have transformed yourself into a hostage."

"Huge" is but one of the adjectives that describe the Arabs' $200 billion U.S. investment portfolio. Other adjectives are "diverse," "pervasive," and "accelerating." All told, Arabs hold tens of billions of dollars in stocks, bonds, bank deposits, and U.S. securities. Their investments include a number of U.S. banks (including Bert Lance's old National Bank of Georgia), shopping malls such as Houston's Galleria, resort islands off South Carolina, office buildings in Washington, a New York investment firm (Donaldson, Lufkin, and Jenrette), and countless acres of

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prime farmland. Even AT&T reached out and touched the Saudis for a $670 million loan.

Overall, it's impossible to gauge the full reach of Arab involvement in the U.S. economy. Observes William Quirk, a respected financial analyst: "OPEC can and does conceal its ownership by using nominees and strawmen . . . the official [investment] figures are only the tip of the iceberg." In other words, $200 billion dollars might be conservative.

The anxiety caused by the acquisition of Santa Fe and by the widely predicted flurry of additional Arab takeovers has provoked a special inquiry by Rep. Benjamin Rosenthal's watchdog subcommittee on commerce, consumer, and monetary affairs. The specific focus of the Rosenthal inquiry is the prospect that the Arabs might eventually attain a stranglehold on the U.S. economy that they can use for political purposes—specifically, to manipulate U.S. policy in the Middle East.

The basic fear is that the Arabs at some point will threaten to liquidate their massive assets in the U.S. and transfer them abroad. Such a move—especially if made in concert with an oil embargo like that imposed against the U.S. in 1973—would, the logic goes, throw U.S. financial markets into chaos and collapse the dollar.

Hair-raising, huh? Well, worry not. You see, experts have yet to master the mechanics of transferring Iowa farmland and New York skyscrapers out of the U.S. and recreating them in Bahrain. As for the Arabs' liquid assets, the president has standing authority to freeze selected foreign assets in an emergency. The potency of this safeguard was demonstrated dramatically by Carter's 15-month freeze of $8 billion in Iranian assets in retaliation for the Teheran embassy takeover—a key factor in forcing the Iranians finally to release the American hostages.

Even without a freeze, the American economy is so immense that a withdrawal of Arab assets would barely break its stride. While U.S. investments are a huge percentage of the Arabs' total foreign-based assets, they are dwarfed in the context of the $3.5 trillion American capital market. Overall, investments by OPEC nations (both Arab *and* non-Arab) amount to less than one percent of total U.S. investments; OPEC holds less than one percent of U.S. securities and less than one percent of all deposits in U.S. banks.

Thus, the pyramid of Arab investment in the U.S. has created leverage and influence not for the Arabs, but for the U.S. government. Perhaps an Arab counterpart of Rep. Rosenthal should be investigating the extent to which the investment invasion of the United States by the Arabs has enabled American administrations to manipulate Arab politics.

Because their investments are held largely in U.S.-based assets, Arab nations have an intimate stake in the strength of the American economy and currency. If they pursue policies that weaken the U.S. economy, their assets are weakened correspondingly. Not surprisingly, the richest Arab states have tried to keep the price of OPEC oil at moderate levels partly to avoid igniting hyperinflation in the West.

Fortunately for us, the Arabs have no choice but to continue to pour investments into the U.S. economy. They are reluctant to invest in unstable Third World countries, and Europe and Japan have a limited capacity to absorb petro-dollar investments. Thus the Arabs will remain inextricably tied to the fate of the American economy, and our leverage will increase in direct proportion to the rising volume of Arab investment.

By the mid-1980s Arab holdings in the U.S. may well approach one-half trillion dollars.

What's more, just as Western banks have handed the Soviets a trump card that the Kremlin can play in some future East-West confrontation, the Arabs have handed us an equally intimidating financial weapon. If the Arabs threaten another oil embargo, the U.S. government can counter by threatening to freeze Saudi assets in the United States. And if things get particularly nasty, we can—borrowing a page from the Arabs' own strategy book—threaten to nationalize their assets and permanently strip them of their wealth. Some future U.S. president—perhaps a second-term Ronald Reagan feeling his oats—might point to our nine-to-twelve-month U.S. Strategic Petroleum Reserve and offer OPEC an ultimatum: lower the price of oil to, say, $20 barrel, or we will nationalize your assets.

Ultimatums might be a little risky—they'd require enough genuine energy independence to go it alone for quite a while. And then there's the minor problem of being on the receiving end of all the sophisticated weapons we've sold to various Arab countries.

But nothing so bald-faced will probably be necessary. Before long, the Arabs will recognize who has the upper hand and will defer to U.S. interests accordingly. Those who doubt this prediction need only observe the regularity with which Western banks continue to pour bad loans into Poland and Eastern Europe. The logic of international investment cannot be defied: make a huge investment in a limited market and you have gained not a partner, but a master. □

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Where to Stay in Washington

Southwest

The characteristic sterility of urban redevelopment is here, but it is redeemed by an outdoor fish market, a good theater (the Arena Stage), and its proximity to Capitol Hill and the museums and art galleries along the Mall. The public tennis courts, golf courses, and picnic areas at Haines Point are a short ride or a long walk away.

Channel Inn, Maine Avenue and 6th Street, S.W. (202) 554-2400. Situated right on the Potomac channel, the Inn affords you a close-up view of the marina and is just a few minutes' walk from the fish markets on the wharf. Room rates vary according to the view, and some have balconies overlooking the water: singles, $60-72; doubles, $70-82; two suites at $125 each. There's no charge for children under 12; additional adults are $10 each. All rooms are $45 a night on weekends, and a weekend package with four free meals for $89.20 per person. There is a small pool, and parking is free for guests. The main dining room, **Pier 7,** overlooks the water and specializes in seafood dishes. Breakfast is served in **The Dry Dock** cafeteria.

Loew's L'Enfant Plaza, 480 L'Enfant Plaza, S.W. (202) 484-1000. It's the most elegant—and expensive—of these hotels and has the Departments of Transportation and Housing and Urban Development as neighbors. The rooms start on the eleventh floor (the nine floors below are commercial office space) and provide some grand views of the city. Singles, $85-135; doubles, $115-155; suites, $200-405 (one bedroom), and $320-525 (two bedrooms). The hotel's Club 480 rooms—for those who are really loaded—have sitting areas and sofa beds and pamper guests with fruit, cheese and wine upon arrival, Godiva chocolates, and complimentary robes and phones in the bath. Singles, $150, doubles, $170. All rooms have mini-bars with mixers and dry snacks (you pay if you consume), refrigerators, and complimentary ice. Children under 14 are free; additional adults are $15 each. Parking is $4.48 a night. **The Apple of Eve** offers an expensive but creative menu for lunch and dinner and live entertainment nightly. **The Greenhouse**, an attractive coffee shop, serves breakfast and lunch weekdays and brunch on Sunday. There's an outdoor pool in season, and one flight down from the lobby is the L'Enfant Plaza shopping arcade with fast-food restaurants, game rooms, shops, a movie theater, and health spa. The hotel is well-equipped for meetings—14 rooms can accommodate up to 500 people. Weekend packages and corporate and government rates are available.

Skyline Inn, South Capitol and I Streets, S.W. (202) 488-7500, (800) 528-1234. The Inn is located in a veritable no-man's land, surrounded by low-income housing, vacant lots, the Southwest Freeway, and a power plant. But there are reasons to stay here: It's just a few blocks from the Capitol, the House and Senate office buildings, the Supreme Court, and the Library of Congress, and the rooms are comfortable and clean, with prices quite reasonable for Washington. Singles, $44-66; doubles, $48-70; suites, $75-125. On weekends singles are $36 and doubles $38-40. Children under 14 are free; each additional adult, $9. **The Board and Bottle** restaurant and a coffee shop both serve all three meals at reasonable prices. Parking is free to guests and there's a Budget Rent A Car facility right in the hotel. A good-sized outdoor pool is open in season. One large meeting room holds up to 250 and there are five small conference rooms.

Holiday Inn, 550 C Street, S.W. (202) 479-4000. Don't let the name fool you, this is no typical Holiday Inn—the lobby is tastefully decorated in contemporary style, and the rooms are several steps up, both in price and decor, from what you would expect. Singles, $73-87; doubles, $83-97; mini-suites (a large room with sofa and sitting area), $87 single, $97 double; one-bedroom suites, $125. A substantial government employee discount and a good weekend package are available. Children under 18 are free and extra adults in rooms are $10 each. Parking is free for guests. **Smithson's**, the dining room serves moderately priced fare at all three meals; **The Gallery** is the lobby cafe, offering a buffet; and **The Flight Deck Lounge** is for live entertainment nightly and light lunches. There's an outdoor pool, and in the rooms, free Home Box Office. The Inn has nine meeting rooms and two ballrooms.

—Donna Fenn

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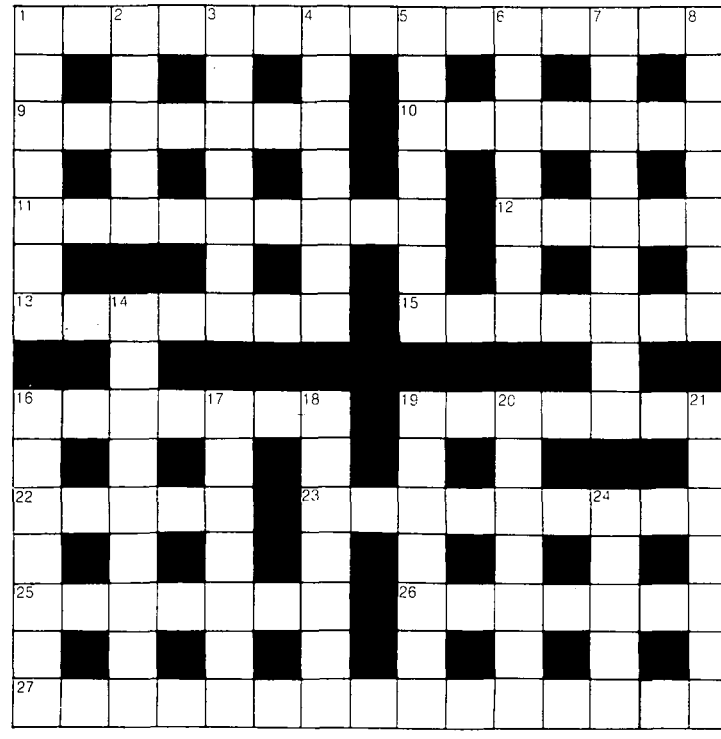
The Political Puzzle

by John Barclay

The numbers indicate the number of letters and words, e.g., (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word.



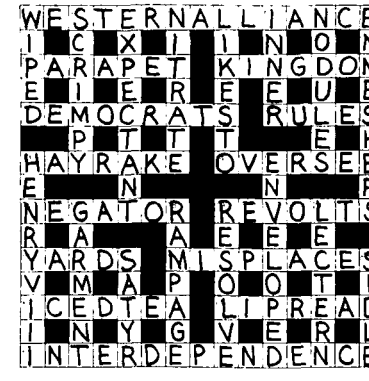
ACROSS

1. Interests economists when it's gross (8,7)
9. Former Texas governer is out in the cold? (7)
10. Pet dino somehow chose to join group. (5,2)
11. Impose rules for one part of journey is dead. (9)
12. Bird in danger when pegleg returns. (7)
13. Lower prices of French newspapers. (7)
15. He lives downstairs in Raven St. accommodation. (7)
16. Hate Ron wildly, too. (7)
19. Most gruff Custer comes around before tea. (7)
22. Decants pint belonging to the two of us. (5)
23. Loose scree in the fruit is profane. (9)
25. Acme Air crossed two continents.(7)
26. Crazy dupe around goal is turned over. (7)
27. Yes, let's edit rind mess in an an altruistic way. (15)

DOWN

1. Settled steel piled in North Dakota. (7)
2. Object to night arrangement. (5)
3. To supervise is foreign, we hear. (7)
4. Weird ABC mass for catching criminals. (7)
5. Affirm of in a crowd. (7)
6. Last longer on a tour we set up. (7)
7. Carry out a body? (9)
8. Tint toy strangely for little baby. (4,3)
14. Crude mixed among best athletes and movie men. (9)
16. See Paul pad around and clap hands. (7)
17. Mercenary is Shane reincarnated. (7)
18. Spread out like bouncing art aide. (7)
19. Get up for erratic U.S. comet. (7)
20. Traces I kicked over to get XXX rating. (7)
21. Weld first sea duty assignment. (7)
24. Increased mangled dead above 500. (5)

Answers to last month's puzzle:



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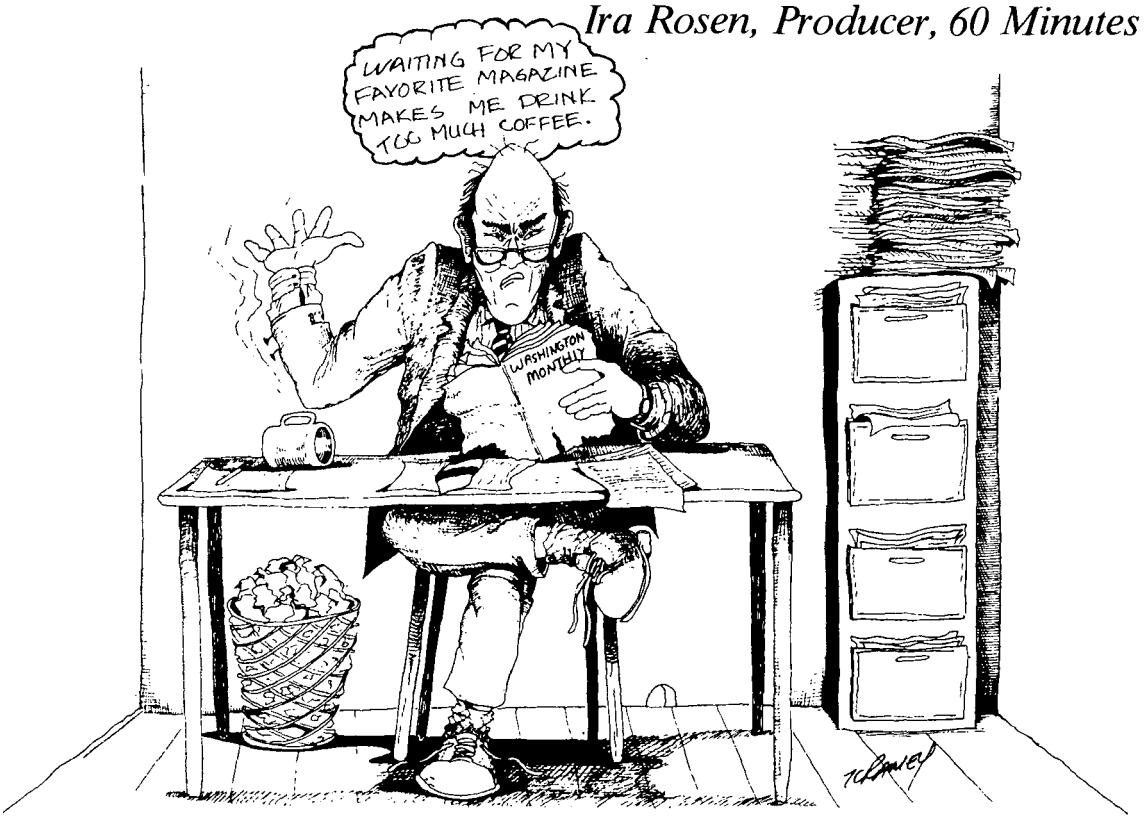
"It's the first magazine everybody grabs for when it comes into the office."

Ira Rosen, Producer, 60 Minutes



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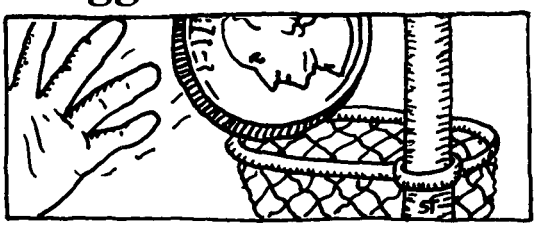
Gregg Easterbrook ON POLITICAL BOOKS



Just as the best and the brightest American thinkers couldn't necessarily win a war, the best and the brightest basketball players don't necessarily win championships. David Halberstam lays out the second half of that equation in a terrific book, *The Breaks of the Game,** which recounts a year in the life of the Portland Trail Blazers. The book is rich, funny, flowing, and while not a model of economical structure, more compact than the usual Halberstam: you can finish most of its sentences before the 24-second clock expires.

Halberstam picks up the Blazers' trail in 1979, two years after they won the NBA title. That victory had been among the most beautiful any team ever enjoyed: the Blazers, mostly castoffs and mostly (by NBA standards) underpaid, blew the conceited Philadelphia 76ers off the court with almost organic team ball. The next season everybody got huge raises, and things soured; by the time Halberstam arrives, the players are transfixed by petty jealousies, arguing the details of each others' contracts, and sulking about who gets the "ink." "Big salaries," Halberstam writes, "rather than diminish grievance, had in many ways made grievance worse." The team trades off one prima donna after another, and by the end of the book Portland is just another club, all joy forgotten.

Of course this pattern is repeating itself throughout basketball. Whether players will show up for practice has become a much bigger drama than how they will perform. So I'd like to present the first edition of what will be the most important all-star team of the future, the All Head-Case and Modern Problems squad:

MARVIN BARNES: Barnes set an all-time record by walking out to demand a new contract just five games into his rookie season. He once attacked a teammate with a tire iron he kept in his locker.

BILL WALTON: Walton, star of Portland's championship season, switched to a macrobiotic (fruits and grains only) diet even as doctors were warning him that his notoriously brittle bones were calcium-deficient. Now he's out of basketball and walks with a limp. Along the way to the Head-Case Hall of Fame, Walton has played with the Grateful Dead, gotten mixed up with Patty Hearst and the SLA, and enrolled in law school.

ERNIE DIGREGORIO: Ernie D., 1972 Rookie of the Year, was waivered out of the league when he became sulky and unreliable. Three years later San Diego coach Paul Silas offered him a tryout, mainly out of sympathy. DiGregorio hadn't even reported to camp when he called to demand more money.

RANDY SMITH: The Knicks' Smith makes several hundred thousand dollars. Recently, when it was revealed Smith's mother is on welfare, he replied that that was her problem. Thus Smith became the first supply-side shooting guard.

BRIAN TAYLOR: Four years ago Taylor was making $450,000, much more than he was worth. But a new agent persuaded him to demand renegotiation. Taylor sat out an entire season. When he finally signed again, it was for less than his old salary. So he lost a year's income and took a pay cut. But, remember, his agent got a percentage of the new deal, whereas he would have made nothing if the old contract had remained in force. Thus Taylor became basketball's first client to exist for the convenience of the legal system, rather than vice versa.

RICK BARRY: Barry signed what is believed to have been the original guaranteed no-cut contract, thus becoming the first NBA player with civil service protection.

The thread running through all this is, of course, money. Money is really what Halberstam's book is about, because money is the dominant force in basketball. From *Breaks of the Game* we learn that there's nothing wrong with having big money (when Portland won the title, all its players were making at least $100,000). It's when money becomes *more important* than what you do, or who you are, that problems start.

This makes the NBA especially disturbing. After all, basketball is just entertainment, and entertainment is supposed to imitate life. But these days life seems to be imitating the NBA. For too many people throughout American life, money has become *more important* than accomplishment or personal character. And just as in the NBA, it's generally the talented people—those with the most to offer—who spend the most time complaining about money and the least time performing.

The result can be general decay, although the talented don't seem to care as long as their cash rolls in. Halberstam notes the view, widely shared among NBA players, coaches, and fans, that basketball is nowhere near as good as it used to be, even though the players are much more capable. The only decent games today are playoff games, where an extra money bonus is attached to each victory. Otherwise players care little about the quality of games—their product—and whether their teams fold or prosper. How many other American businesses are now the same?

In the spirit of those questions, here is my final nomination. For NBA Player of the Year, I offer Jim Chones. Last fall Chones was traded from the glamorous Los Angeles Lakers to the cellar-dwelling Washington Bullets. He was asked how he felt about that. "Great," Chones replied. "There's a lot of people standing in unemployment lines. I'm just glad to be workin'."

*The Breaks of the Game. *David Halberstam. Alfred A. Knopf, $15.*

Gregg Easterbrook is a staff writer for The Atlantic *and a contributing editor of* The Washington Monthly.

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Political Booknotes

Clare Boothe Luce. *Wilfrid Sheed. Dutton, $12.95.* Few of us who remember her "GI Jim" speech at the Republican National Convention in 1944—it was a venomous attack on Roosevelt that blamed him for the deaths of American soldiers—would have imagined that somewhere behind that caustic exterior was a woman we could like.

It is a tribute to Sheed's skill that he makes us believe in this good side of Clare Boothe Luce without ever denying her less attractive self. Unfortunately, the book, which begins with an elegantly written and fascinating account of a summer the author spent with the Luces during his late adolescence, tends to get increasingly speculative and less informative as it moves along. The author is cavalier about his sources in a way that only a judge of a major book club could hope to get away with. At one point, for example, he simply announces that he had decided to exclude from the purview of his research an entire book that had been written about Mrs. Luce.

—Charles Peters

Crime of the Century: The Kennedy Assassination from a Historian's Perspective. *Michael L. Kurtz. Univ. of Tennessee Press, $17.50.*

Empires in the Sun: The Rise of the New American West. *Peter Wiley, Robert Gottlieb. Putnam, $14.95.*

The Fish Is Red: The Story of the Secret War Against Castro. *Warren Hinckle, William Turner. Harper & Row, $15.50.* Having failed myself to write an account of the CIA's secret war against Castro, and having hoped since then that someone else would, I am especially pained to report that this book is a disappointment. The authors, former *Ramparts* editor Warren Hinckle and former FBI agent William Turner, are so intent upon delivering a rollicking good tale that they gloss over the distinction between hard fact and camp rumor. They slip from journalism into the realm of entertainment, like the senators who could not resist holding up the CIA's microbiological dart gun before the television cameras. Such theater always works to the advantage of the spies, because it feeds upon itself until the critical faculties of the audience dissipate into fantasy.

Despite its serious flaws, there is an enormous amount of revealing information on the scope of the campaign against Cuba in the book. This secret war, one learns, did not end with the Bay of Pigs invasion. In 1963 President Kennedy ordered the CIA to outfit a new Cuban brigade and to escalate the commando raids already being carried out inside Cuba in preparation, presumably, for another full-scale assault.

—Taylor Branch

From the Congo to Soweto: U.S. Foreign Policy Toward Africa Since 1960. *Henry F. Jackson. Morrow, $10.95.*

How to Make War. *James F. Dunnigan. Morrow, $13.*

How to Prosper in the Underground Economy. *Larry Burkett, William Proctor. Morrow, $10.95.*

Kennedy, Khrushchev, and the Test Ban. *Glenn T. Seaborg. Univ. of California Press, $16.95.*

The Life and Times of Joe McCarthy: A Biography. *Thomas C. Reeves. Stein & Day, $19.95.* In this definitive (700-page) treatment of McCarthy and his era, Reeves performs a service by correcting certain excesses that earlier biographers, carried away by their loathing of McCarthy, committed. By so doing, Reeves gives Joe McCarthy impeccable credentials for a permanent niche in the American Hall of Infamy.

—Leonard Reed

The New Right Papers. *Robert W. Whitaker. St. Martin's, $12.95.* In this book you'll learn about the evils of pornography, the immorality of abortion, and the "cultural destructiveness" of affirmative action. You'll read, for example, that "we are forced to endure the pornography supplied to our children in

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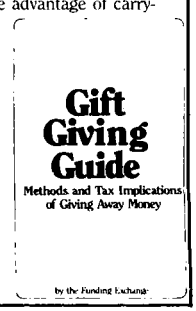

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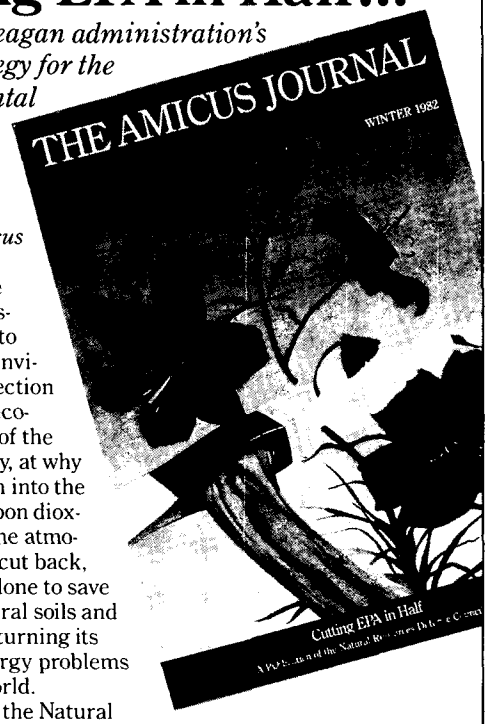

In the current issue, *The Amicus Journal* takes a close look at the Reagan administration's efforts to dismantle the Environmental Protection Agency, at the economic collapse of the nuclear industry, at why federal research into the question of carbon dioxide buildup in the atmosphere is being cut back, at what can be done to save prime agricultural soils and why the U.S. is turning its back on the energy problems of the Third World.

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movies, magazines, and on TV, the dissolution of families, the murder of unborn children—all in the name of freedom. Still worse, our worship of the idol of freedom has destroyed the real thing, by forcing us to surrender our civil and constitutional rights to the government that enslaves us all."

Reagan so far has shown the good political sense to keep his distance from these articulate crazies—which, in a way, is too bad for the rest of us. If he'd spent his first year in office futilely trying to put prayer back in schools, outlaw abortions, and prevent homosexuality, chances are good that the rest of his disastrous program would never have gotten off the ground.

—*Jeff Miller*

Out to Work: A History of Wage-Earning Women in the United States. *Alice Kessler-Harris. Oxford Univ. Press, $19.95.*

Pawns of Yalta: Soviet Refugees and America's Role in Their Repatriation. *Mark R. Elliott. Univ. of Illinois Press, $16.95.*

The Polish August. *Neal Ascherson. Viking, $14.95.*

The Pursuit of Virtue and Other Tory Notions. *George F. Will. Simon & Schuster, $15.50.*

Rebel Europe: How America Can Live with a Changing Continent. *James Oliver Goldsborough. Macmillan, $12.95.*

Reconstructing Europe After the Great War. *Dan P. Silverman. Harvard, $25.*

Regulation by Prosecution: The Securities and Exchange Commission vs. Corporate America. *Roberta S. Karmel. Simon & Schuster, $15.50.* The Securities and Exchange Commission is a relatively small agency in terms of budget and manpower but one that is generally regarded as having an outstanding and dedicated staff dealing with issues the average citizen regards as both byzantine and slightly sinister.

Roberta Karmel served on the commission staff and during the late 1970s became the SEC's first female commissioner. She developed a

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highly visible role during her tenure as an outspoken critic of certain aspects of the agency's policies and procedures, and her book describes a regulatory body that has been captured, not by the industry it regulates, but by an intelligent and omnipresent staff of civil servants who are virtually unaccountable to any political or private oversight.

As she points out, the commission itself, based upon its status as an "independent" agency, is free from executive branch control and subject only to desultory, intermittent congressional scrutiny and limited judicial review. Significant portions of staff time, she points out, are dedicated to maintaining the agency's status as a free-standing political Monaco whose policies, although critical to the success of national economic policies promulgated by elected officials, are often formed by appointed ones.

—*Steven Edward Levy*

Solidarity: Poland in the Season of Its Passion. *Lawrence Weschler. Fireside/Simon & Schuster, $8.95.*

The Soviet Estimate: U.S. Intelligence Analysis and Russian Military Strength. *John Prados. Dial, $17.95.*

Three Mile Island: Thirty Minutes to Meltdown. *Daniel F. Ford. Penguin, $5.95.*

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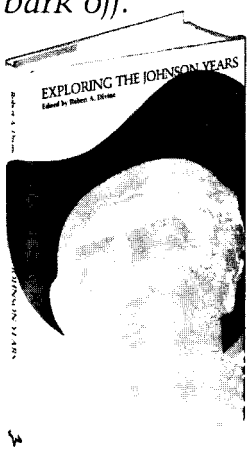
The West Bank Story. *Rafik Halabi. Harcourt Brace Jovanovich, $12.95.* A well-written and thoughtful exploration of both sides of the Arab-Israeli conflict.

Westward in Eden. *William Wyant. Univ. of California Press, $24.50.*

Why We Were in Vietnam. *Norman Podhoretz. Simon & Schuster, $14.50.*

The Will of Heaven: A Story of One Vietnamese and the End of His World. *Nguyen Ngoc Ngan. Dutton, $13.50.*

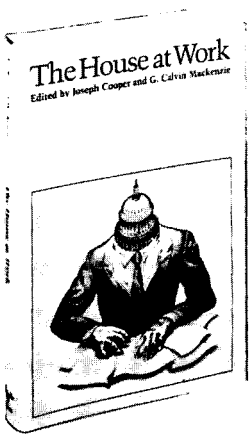
"It is all here: the story of our time—with the bark off."



Exploring the Johnson Years
Edited by ROBERT A. DIVINE

Lyndon Johnson was referring to the LBJ Library's more than thirty million documents representing "forty years of public service in one place for friend or foe to judge." These essays mark the first attempt to illuminate some of the library's most important files and cover every major aspect of the Johnson presidency from Vietnam to the War on Poverty to LBJ's stormy relationship with the media. **$25.00**

"To describe a typical work week in the life of a congressman is to invite incredulity."



The House at Work
Edited by JOSEPH COOPER and G. CALVIN MACKENZIE

How, then, do members get their work done? And how does the House get its work done? In looking at the House at work, each contributor shares a simple but important notion: examining the way institutions perform fundamental tasks reveals a great deal about their character and their possibilities. The essays in this volume include original and ground-breaking work on ethics reform, the internal administration of the House, the relationships between members and their constituents, time utilization, staff management, and organizational behavior in a legislative setting. **$27.50**

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continued from page 9
trade, William Brock, the U.S. trade representative, recently said that the administration would not "continue to tolerate unfair trading practices which adversely affect our domestic market or our opportunity to trade elsewhere." On defense, Senator Howard Baker said in January: "I would like to see the president of the United States and the prime minister of Japan sit down and arrive at a fair allocation of the costs of defending the Free World . . . . we will do our part but it's time you do yours." I welcome this kind of talk, because it means we're beginning to liberate ourselves from the cliches that govern so much of our thinking about public policy. It is idiotic to follow a free trade policy regardless of what the rest of the world is doing to you. It is idiotic not to get your allies to pay their fair share of defense costs simply because you don't want to risk injury to "the alliance" that respectable foreign policy writers always discuss in such reverent tones . . . .

Do you remember how angry Nancy Reagan was supposed to have been at Richard Allen for taking those Seiko watches from the Japanese interviewer? Where was this exquisite moral sensitivity when she was accepting expensive dresses from leading designers? She didn't pay for them, and by the standards of the Allen case she should have been fired. But because she was First Lady, the White House came up with a cover story—that the dresses were "loans" that she will proceed to donate to museums. How can she give away something she doesn't own—something that has been loaned to her? Who gets the tax deduction? The designer? The Reagans? The rude fact is that Nancy Reagan is escaping prosecution under the 1978 Ethics in Government Act that requires senior officials and their wives to report any gifts they have received worth more than $35. . . .

As Congress was preparing to resume its work in late January, another publication asked me to tell our legislators what I thought they should do. Skilled as I am at suppressing whatever traces of modesty and humility remain in my character, I accepted the assignment. Here is a somewhat shortened and revised version of what I wrote:

What should Congress do now that it's back in session? The answer is simple. Congress must take over the government. Anyone who saw president Reagan's January news conference has to realize or at least strongly suspect that he lacks the ability and knowledge to get us out of the trouble we're in. He is a pleasant, lazy, superficial man whose policies have produced a recession that could very easily and very quickly turn into something much worse.

But is there any reason to suppose Congress can do better? The case is, alas, far from conclusive, but history does provide some evidence that Congress can in fact do what is needed.

One of the more easily identifiable villains in the recession is high interest. What can Congress do about it and its main causes—the large deficits in the federal budget and the policies of the Federal Reserve Board?

The domestic budget has already been squeezed. The remaining savings that can be made are small compared to what can be realized through the defense budget, by reducing personnel costs, as we've discussed, and by eliminating weapons that don't work or aren't needed. Candidates for careful congressional scrutiny are super-carriers, B-1 bombers, F-18 fighters, M-1 tanks, MX missiles, and helicopters of any kind. We have 9,000 helicopters and they are so vulnerable to attack that experts estimate their survival in a European war at a maximum of one week and minimum of 30 minutes. Is Congress capable of taking such a hard look at military expenditures without endangering national security? Of course. That's how Harry S Truman made his name during World War II as chairman of the Senate committee to investigate the national defense program. We weren't weaker because of his efforts, we were stronger.

What about the Federal Reserve Board? The conventional wisdom is that it should be immune from political control. But the essence of democracy is that the agencies of government must be accountable to the people's elected representatives. Congress created the Federal Reserve. It can change it—or abolish it. An effective reminder is all Paul Volcker and his colleagues will need. Remember that Congress, merely by considering, not even passing, the courtpacking bill of 1937, sent the Supreme Court a message that Charles Evans Hughes and his colleagues did not ignore.

Can Congress do all this? Can it make tax policy that really encourages new production and encourages economic growth—without wasting benefits on trading that simply shifts ownership of existing assets? Just look at what Wilbur Mills and Russell Long accomplished with tax policy during the 1960s and 1970s. Their bills were, to be sure, seldom crafted with the public interest in mind, but they proved that Congress could wrest leadership from the executive branch.

Congress may not be able to do all these things, but people who recall what Sam Rayburn and Lyndon B. Johnson did in the late fifties know how great a role it can perform. And those who remember what Senator Truman and his committee did during the war know that that role can be performed with devotion to what is best for the United States.

—*Charles Peters*

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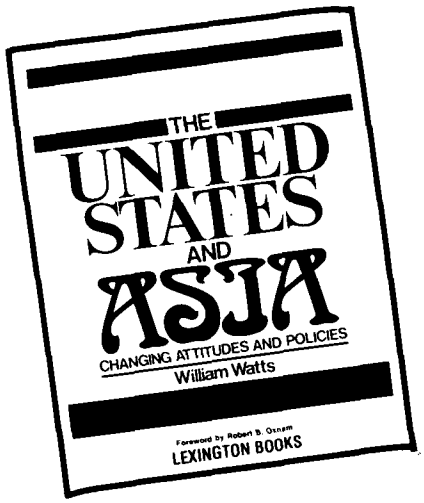
New Perspectives on the Issues



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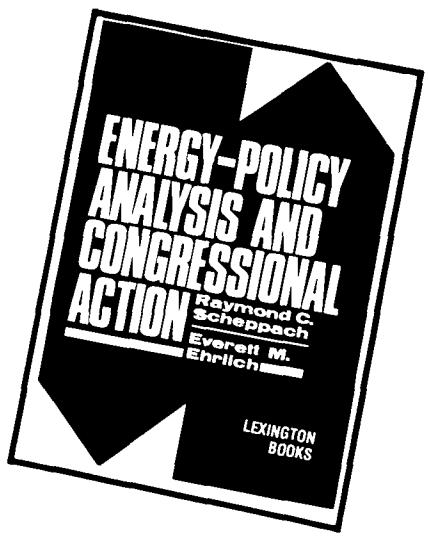

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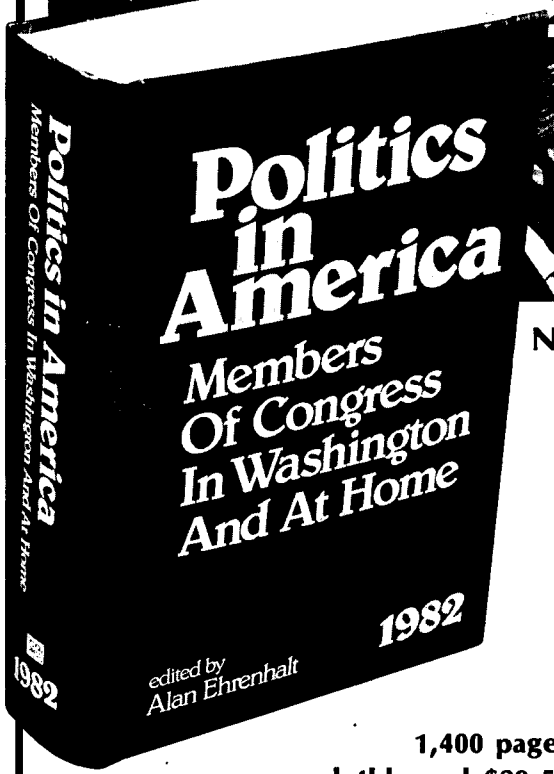

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